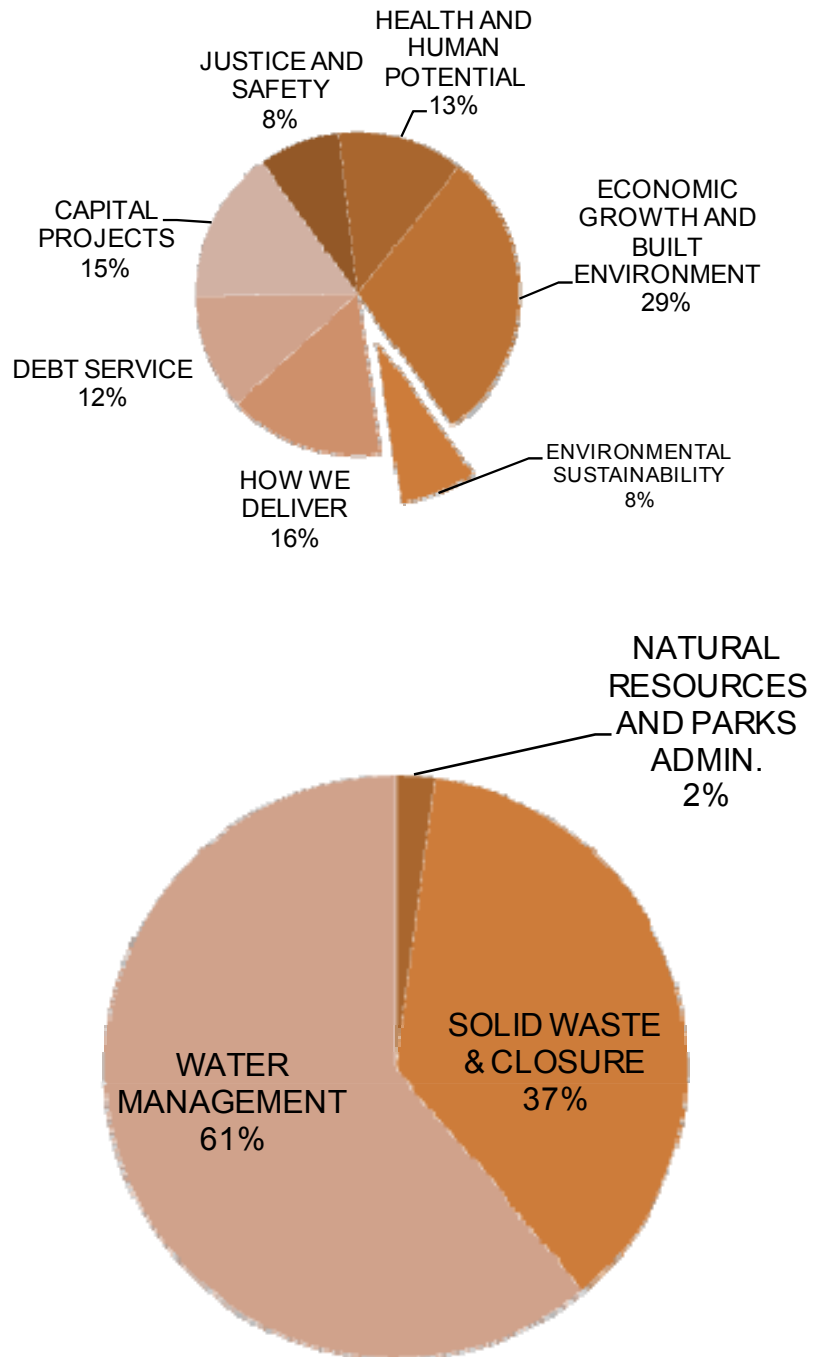


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# ENVIRONMENTAL SUSTAINABILITY

## *ENVIRONMENTAL SUSTAINABILITY*

### *\$585 MILLION*



Organization of the Pie Chart: The following agencies were combined to make the pie chart more readable.

**Solid Waste & Closure:** DNRP Admin., Solid Waste and Post-Closure Landfill Maintenance.

**Water Management:** Intercounty River Improvement, River Improvement, Water & Land Resources (SWM), Wastewater Treatment, Noxious Weeds, Rural Drainage, and Flood Control Zone.

Due to rounding, figures may not add to 100%.

Source: Program Plan Summary Page (Found at the end of the section)

## *INTRODUCTION*

The King County Strategic Plan articulates an ambitious environmental agenda for safeguarding and enhancing King County's natural resources and environment. Strategies in the plan focus on both local efforts to reduce the environmental impacts of county operations and regional collaboration to protect threatened salmon, clean-up Puget Sound, reduce climate pollution and energy consumption, and support sustainable agriculture and forestry.

Organizations contained and presented within this goal area include the Solid Waste Division (SWD), the Water and Land Resources Division (WLRD) (excluding the Flood Control appropriation units), and the Wastewater Treatment Division (WTD) within the Department of Natural Resources and Parks (DNRP). The Department of Development and Environmental Services (DDES), the Department of Executive Services (DES), the Department of Transportation (DOT), the Department of Public Health (DPH), and the remaining divisions within DNRP are presented within other goal areas of this book, but provide services that are vital to the achievement of the strategies of the Environmental Sustainability goal.

Staff from across the county are working collaboratively on environmental sustainability strategies. Priorities for joint work include sharing strategies and training to achieve energy efficiency and climate pollution goals, updating targets for reducing energy use and climate pollution, creating cohesive strategies for environmental sustainability that are linked with economic development, streamlining environmental reporting and better linking it to performance measurement, removing barriers to energy efficiency investments, and creating a culture of continuous improvement in energy efficiency and resource use. The County will continue to pursue partnerships with business, other local governments, and agencies to leverage county investments in initiatives such as Metro Transit's Rapid Ride implementation, King County-Cities Climate Collaboration, installation of electric car charging stations, completion of habitat restoration projects, and clean-up of the Duwamish River.

The 2013 / 2014 Proposed Budget supports the continued efforts to implement the strategies of the Environmental Sustainability goal. Despite limited resources, the budget proposal includes support for the purchase of electric trolley and hybrid busses, continued water quality monitoring, and agriculture and forestry technical assistance. At the same time, the County is working regionally to find more sustainable funding models for agriculture and forestry stewardship programs and to reduce climate pollution. The following are specific examples of some of these efforts:

- The Water and Land Resources Division (WLRD) is proposing an increase in the Surface Water Management (SWM) fee. This increase in revenue will enable the division to address new National Pollutant Discharge Elimination System (NPDES) permit requirements and improve water quality.
- Over the next biennium, WLRD will expand the SWM capital program using \$11.3 million, 15-year bonds that the County will sell in late 2013. The proposed bond sale will fund an additional \$8.1 million in stormwater and ecosystem projects in the SWM CIP fund, as well as \$3.2 million in stormwater projects in the road right of way. By taking advantage of low interest rates and the County's bond rating, WLRD can significantly advance its capital program, accelerate work to restore salmon habitat and recover Puget Sound while moderating rate impacts. The proposal includes additional resources to address stormwater runoff from roads, addressing a key threat to Puget Sound. In doing so, the county retains staff expertise and capacity in the WLRD's Stormwater and Ecosystem sections and the Road Services Division to address stormwater pollution now and in the future.

- Based on the most recent review of monitoring needs conducted for this report and in preparation for development of the 2013-2014 rate proposal, the Wastewater Treatment Division (WTD) is proposing an additional \$240,000 in monitoring to improve understanding of two emerging issues for Puget Sound recovery and the regulatory environment for wastewater treatment: the effects of nutrient loading from wastewater discharges and emerging contaminants.
- The County is undertaking many efforts to implement the strategies in the County's Energy Plan, including:
  - Creating an educational campaign that emphasizes how each of us can reduce our use of resources at work and at home;
  - Enhancing data collection and distribution so that information is collected efficiently and distributed in a more timely manner;
  - Creating a Life Cycle Cost Assessment template that will be used across the County to meet the intention of Ordinance 16927 related to installing the least-expensive power using equipment; and
  - Prioritizing resource efficiency opportunities according to their potential benefit and barriers to implementation.
- Through an innovative community partnership using state Community Solar incentives, a community group will fund and install a solar array at the Vashon Transfer Station. The project is projected to provide renewable energy to meet about one-fourth of the energy needs of this station and will help to meet King County's goal of using or producing renewable energy to meet half its energy needs.
- The West Point wastewater treatment facility is currently commissioning a 2.6-megawatt waste-to-energy cogeneration project which will run on digester gas created in the treatment process. The green electricity generated from the system will run process equipment directly through a contract with Seattle City Light. The project was funded in part by a grant from the EPA.
- The Solid Waste Division (SWD) budget proposal includes sufficient funds to restore basic recyclables collection at all sites. In 2013, the division plans to restore basic recyclables collection at Houghton, Renton and Shoreline. The curbside-mix of recycling will also be offered at the new Bow Lake Station, to be opened in 2013.
- As part of the SWD CIP, new recycling services include scrap metal and appliance recycling at Bow Lake, Houghton, Renton and Vashon. There will also be sharps collection at Bow Lake and an expansion of yard waste recycling at Bow Lake and Vashon.

Further descriptions of these programs can be found in the respective divisions' budget narratives.

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## Natural Resources and Parks

## NATURAL RESOURCES AND PARKS

### **Mission:**

#### **Natural Resources & Parks**

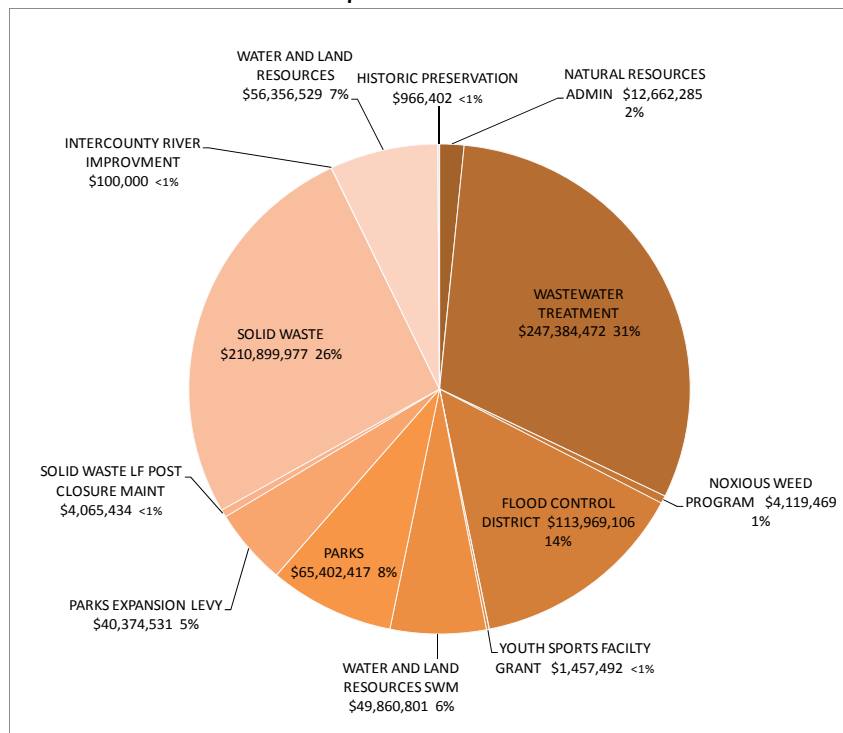
Provide regional parks and trails, protect the region's water, air, land, natural habitats and historic properties, and reduce, safely dispose of and create resources from wastewater and solid waste.

### **OVERVIEW**

The Department of Natural Resources and Parks (DNRP) includes the following divisions: DNRP Administration, Wastewater Treatment Division, Water and Land Resources Division, Solid Waste Division, and Parks and Recreation Division. The 2013 / 2014 Proposed Budget for DNRP demonstrates the Executive's continued commitment to preserving our natural resources within funding constraints. Many DNRP divisions continue to experience significant financial pressures resulting from structural deficit issues that have become more severe as a result of the declining economy. This has required austere financial management on the part of all DNRP divisions in order to preserve services to the community and the environment. The 2013 / 2014 Proposed Budget includes proposals that are designed to respond to these financial constraints.

The Department of Natural Resources and Parks is central in the advancement of the King County Strategic Plan's Environmental Sustainability Goal, and thus the majority of the appropriation units are included in the Environmental Sustainability section of the Proposed Budget Book. The appropriation units within the Parks Division, the Historical Preservation and Historical Programs Fund, and the appropriation units that support the work of the Flood Control District, however, are contained in the Economic Growth and Built Environment section of the Executive Proposed Budget Book because they are central in advancing the strategies contained within that goal area.

### **Department of Natural Resources Appropriations \$808 Million**



## ***DEPARTMENT OF NATURAL RESOURCES AND PARKS ADMINISTRATION***

### **Mission:**

#### **Natural Resources and Parks**

Provide regional parks and trails, protect the region's water, air, land, natural habitats, and historic properties, and reduce, safely dispose of and create resources from wastewater and solid waste.

### ***OVERVIEW***

Department of Natural Resources and Parks Administration (DNRP Admin) provides leadership, oversight, and support to the department's four operational divisions: Parks and Recreation, Solid Waste, Wastewater Treatment, and Water and Land Resources, as well as the King County Historical Preservation Program (HPP) and newly created Community Service Area Program (CSA).

DNRP Admin is organized into five main sections: Administration, Policy and New Initiatives, Public Affairs, the King County Historical Preservation Program, and the Community Service Area Program. HPP is responsible for designating and protecting significant historic and archaeological sites within the

unincorporated area of King County and in eighteen cities that have agreements with the county for these services. HPP is funded primarily by the \$1 document recording fee surcharge accounted for in the Historical Preservation and Historical Programs Fund created in 2010. The CSA replaces the former Unincorporated Area Councils (UAC) approach to fostering community involvement in the unincorporated areas and will be funded per the former UAC allocation model.

DNRP and its divisions advance the King County Strategic Plan (KCSP) goal of Environmental Sustainability by minimizing waste and greenhouse gas emissions, maximizing resource re-use and recovery, and protecting and restoring ecological and aquatic habitats. DNRP Administration staff provides leadership and support services to the department across the range of programmatic goals and objectives.

Agency staff in the Historical Preservation Program support and forward the countywide goal of Economic Growth and Built Environment, specifically by preserving and enhancing the unique character of our communities in collaboration with cities, tribal governments, historical societies, and residents. CSA efforts support the countywide goal of Public Engagement Objective 1: "Expand opportunities to seek input, listen, and respond to residents."

### **2013 / 2014 Key Issues**

The key issues facing DNRP Admin over the next biennium include taking a leading role in energy investment for the County (as described in the Executives Priorities section below), the addition of the CSA program, and facilitating the development of three new rate models for Surface Water Management (SWM), the Solid Waste Division (SWD), and the Wastewater Treatment Division (WTD) as well as helping Parks develop its levy proposal for 2014.

### *Community Service Area*

The mission of the CSA program is to help all residents of unincorporated King County be more knowledgeable of, better served by, and heard by King County government. This is accomplished by promoting successful public engagement by ensuring unincorporated area residents are aware of and have input into county services, programs, and projects; have a knowledgeable, reliable conduit into and from the county on questions, concerns, and issues; and are provided opportunities to meet and interact with county leadership.

The scope of the CSA program expands on the former Unincorporated Areas Council program to broaden engagement with all unincorporated communities and incorporates rural economic development components. A CSA Manager position is included in the budget to help with these new responsibilities. New initiatives in the CSA program include revamping the grant program to make resources potentially available to all community organizations within unincorporated areas instead of limiting these funds to the six UACs and implementing work plans to further engage with unincorporated residents and groups.

### *New Rates*

Ongoing economic pressures on the various funds under DNRP's stewardship will require support from the Director's Office within DNRP Admin to achieve the KCSP goal of Financial Stewardship. The Director's Office is working with three divisions in 2012 on rate studies and actions to ensure the fiscal health of three county utilities – the regional Wastewater utility and Solid Waste transfer and disposal system, as well as the unincorporated area drainage utility (SWM). DNRP Admin will be proposing rate actions that meet the needs of these utilities to finance needed services and capital improvements through 2014, while implementing efficiencies to mitigate the size of the rate increases. Through the second half of 2012 and first half of 2013, the Director's Office will also work with the Parks Division and the Executive Office on a proposal to replace the two voter-approved parks property tax levies that expire at the end of 2013.

### **Executive Priorities Considered in 2013 / 2014 Business Planning and Budget Development**

The Executive's 2013 / 2014 priorities to advance the King County Strategic Plan and inform the 2013 / 2014 Proposed Budget spotlighted consideration of Equity and Social Justice; attainment of a 3 percent efficiency target while maintaining value and service levels; energy investment; and KCSP alignment of agency goals, objectives, and services.

- ***Equity and Social Justice:*** The two main components of DNRP Admin's Equity and Social Justice (ESJ) initiatives include the Community Services Area Program and extending the 4-H Youth programs with Washington State University. The CSA program dramatically broadens the scope of the County's outreach and engagement in unincorporated King County to reach beyond a formerly exclusive group of community organizations to engage as many community stakeholders as possible. Communities of color have not been a significant part of the former Unincorporated Area Council model. The CSA model fosters linkages to organizations such as Skyway Solutions and White Center Community Development Association that are actively engaged in work with communities of color. Continuing the 4-H Youth programs in King County supports ESJ goals by emphasizing efforts to reach limited income, at-risk, and traditionally undeserved youth in King County.
- ***3 Percent Efficiency:*** DNRP Admin has addressed the 3 Percent Efficiency challenge by requesting the minimal amount of non-salary expense accounts to accommodate the addition of the CSA program to the office. All administrative duties for the CSA group will be absorbed without increasing administrative staff. In addition to this, a receptionist position has been redeployed to more productive tasks and expenditure history has been reviewed to more accurately budget various operations and maintenance accounts.

- ***Energy Investment:*** To meet the objectives of the County's Energy Plan, staff in the Director's Office will lead efforts to:
  - Work with appropriate staff throughout the Department and the county to identify and implement energy conservation activities;
  - Train staff throughout the county to better understand facility resource use and how to reduce costs;
  - Create an educational campaign that emphasizes how each of us can reduce our use of resources at work and at home;
  - Enhance data collection and distribution so that information is collected efficiently and distributed in a more timely manner;
  - Create a Life Cycle Cost Assessment template that will be used across the County to meet the intention of Ordinance 16927 related to installing the least-expensive power using equipment; and
  - Prioritize resource efficiency opportunities according to their potential benefit and barriers to implementation.

**2013/2014 Biennial Budget for**

**Natural Resources and Parks Administration 4040/A38100**

<b>Code/ Item#</b>	<b>Description</b>	<b>Expenditures</b>	<b>FTEs *</b>	<b>TLTs</b>
<b>FY13</b>				
<b>Adopted Budget</b>				
AD_012	2012 Adopted Budget	5,820,640	23.10	1.00
<b>Adjustments to Adopted Budget</b>				
PF_013	2013 Adjustments to 2012 Adopted Budget	123,145		
<b>Direct Service Changes</b>				
DS_001	WSU / Cooperative Extension MOU	100,000		
DS_110	Community Services Area Program	591,179	4.00	
<b>Administrative Service Changes</b>				
AC_001	Miscellaneous Administrative Efficiencies	(24,059)		
<b>Central Rate Changes</b>				
CR_005	General Fund Overhead Adjustment	4,992		
CR_007	KCIT Operations and Maintenance Charge	(63,585)		
CR_008	KCIT Infrastructure Charge	(48,359)		
CR_009	Geographic Information Systems Charge	2,177		
CR_010	KCIT Operations and Maintenance Charge	(8,378)		
CR_011	KCIT Telecommunications Services	408		
CR_012	KCIT Telecommunications Overhead	(288)		
CR_013	Motor Pool Rate Adjustment	7,388		
CR_016	Radio Access	60		
CR_017	Radio Maintenance	60		
CR_018	Radio Direct Charges	12		
CR_019	Radio Reserve Program	24		
CR_020	Prosecuting Attorney Office Civil Division Charge	(19,596)		
CR_021	Debt Service Adjustment	19,572		
CR_022	Long Term Leases	16,589		
CR_025	Financial Services Charge	1,974		
CR_028	Equipment Repair and Replacement	(842)		
CR_036	Property Services-Lease Administration Fee	1,410		
CR_037	Facilities Management Strategic Initiative Fee	(217)		
CR_038	Major Maintenance Repair Fund	(17,626)		
CR_046	Countywide Strategic Technology Projects	1,835		
CR_048	Business Resource Center	3,461		
CR_050	KCIT Reorganization Transfer	(1,251,052)		
CR_051	KCIT Application Services	572,808		
CR_052	KCIT Workstation Services	127,992		
CR_053	KCIT eGovernment Services	474,516		
CR_056	KCIT Business Analysis	27,864		
CR_057	KCIT Countywide Services	9,864		
CR_058	KCIT Tech Service Rebate	14,376		
<b>Technical Adjustments</b>				
TA_001	Archeologist FTE Increase	15,742	.25	

**2013/2014 Biennial Budget for**

**Natural Resources and Parks Administration 4040/A38100**

<b>Code/ Item#</b>	<b>Description</b>	<b>Expenditures</b>	<b>FTEs *</b>	<b>TLTs</b>
TA_003	Adjustments in Transfers to Other Funds	(176,590)		
TA_050	Revenue Adjustments - (\$191,212)	0		
TA_099	Long-Term Lease Rebate	(118,118)		
<b>FY13 Subtotal</b>		<b>6,209,377</b>	<b>27.35</b>	<b>1.00</b>
<b>FY14</b>				
<b>Adjustments to Adopted Budget</b>				
PF_012	2012 Adopted Budget	5,820,640		
PF_014	2013 And 2014 Adjustments to 2012 Adopted Budget	273,192		
<b>Direct Service Changes</b>				
DS_001	WSU/Cooperative Extension MOU	100,000		
DS_110	Community Services Area Program	596,747		
<b>Administrative Service Changes</b>				
AC_001	Miscellaneous Administrative Efficiencies	(24,059)		
<b>Central Rate Changes</b>				
CR_099	2014 Central Rate Adjustments	(37,234)		
<b>Technical Adjustments</b>				
TA_001	Archeologist FTE Increase	15,742		
TA_003	Adjustments in Transfers to Other Funds	(174,002)		
TA_050	Revenue Adjustments - (\$12,243)	0		
TA_099	Long-Term Lease Rebate	(118,118)		
<b>FY14 Subtotal</b>		<b>6,452,908</b>	<b>27.35</b>	<b>1.00</b>
<b>2013/2014 Biennial Budget</b>		<b>12,662,285</b>	<b>27.35</b>	<b>1.00</b>

\* FTEs for the 2013 Budget and 2013/2014 Biennial Budget do not include temporary positions or overtime. The 2013/2014 Biennial Budget reflects the maximum number of FTEs during the biennium.

\*\* The 2013/2014 Biennial Budget reflects the total expenditures for the biennium.

## Department of Natural Resources and Parks (DNRP) Administration

### ***PROGRAM HIGHLIGHTS***

The 2013 / 2014 Executive Proposed Budget for DNRP Administration is \$12,662,285 and 27.35 FTEs and 1.0 TLTs.

#### **Adjustments to the Adopted Budget (Pro Forma)**

Adjustments to the 2012 Adopted Budget in 2013 and 2014 Pro Forma include annualization of mid-2012 changes and removal of one-time changes, if any, as well as miscellaneous salary adjustments. Salary adjustments include increases for 3.09 percent COLA for 2013 and 2.00 percent for 2014 and a 1.00 percent increase in the Flex Benefit rate for 2013 from the 2012 rate and a 4.00 percent increase from 2013 for the 2014 rate.

#### **Direct Service Changes**

##### **WSU / Cooperative Extension MOU**

**2013 - \$100,000 Expenditure / \$100,000 Revenue**

**2014 - \$100,000 Expenditure / \$100,000 Revenue**

This proposed adjustment reflects King County transferring \$100,000 to the WSU Cooperative Extension, to support the 4-H program. The contract with WSU is managed by DNRP Admin with the transfer being funded by Parks' business revenues.

##### **Community Services Area Program**

**2013 - \$591,179 Expenditure / \$609,011 Revenue / 4.00 FTE**

**2014 - \$596,747 Expenditure / \$630,808 Revenue**

This proposed change reflects the implementation of the Community Services Area program adopted by the Council in 2011. The CSA program replaces the former Unincorporated Area Councils approach to fostering community involvement in the unincorporated areas. This program is comprised of two employees from the Unincorporated Areas Council group, one employee from Rural Economic Strategies, and the creation of a new CSA Manager position. The CSA program will be funded per the former UAC allocation model. This decision package shows the total amount of revenues for the program. Expenditures do not match revenues for this decision package because some program costs are located in other decision packages.

#### **Administrative Changes**

##### **Miscellaneous Administrative Efficiencies**

**2013 - (\$24,059)**

**2014 - (\$24,059)**

This change reduces budget in services and equipment accounts, including membership dues, copy machine leases, and office equipment. These accounts have all been reduced without a loss in service level.

### **Central Rate Changes**

#### **Central Rate Adjustments**

**2013 - (\$122,561)**

**2014 - (\$37,234)**

This series of adjustments captures the net effect of countywide charges from the 2012 Adopted Budget to reflect the most current 2013 and 2014 central rate charges. Unlike previous years, it does not include COLA and flex benefits, which are included in the Pro Forma decision package. Details about each rate can be found in the How We Deliver Introduction, beginning on page H-5, and the agency-specific changes are detailed in the central rate section of the agency crosswalk.

### **Technical Adjustments**

#### **Archeologist FTE Increase**

**2013 - \$15,742 / 0.25 FTE**

**2014 - \$15,742**

This change reflects an increase of the Historical Preservation Program's Archeologist from 0.5 FTE to 0.75 FTE, as proposed in the 2nd Omnibus 2012 supplemental. This change allows HPP to undertake the review of county agencies' capital projects for potential impacts to cultural/historical resources, as required by county policy. Without this increase, HPP would not have adequate staff capacity to undertake the required review of agencies' capital projects.

#### **Adjustments in Transfers to Other Funds**

**2013 - (\$176,590)**

**2014 - (\$174,002)**

This change reflects both some new methods for sharing expenses across different funds and some changes related to the new King County Information Technology (KCIT) reorganization and rate structure. For example, whereas DNR Admin previously budgeted for a share of development costs for the Permit Integration Project, funds are now budgeted directly from the four DNR divisions to the Department of Development and Environmental Services (DDES) for ongoing maintenance of the new permitting solution (Accela). DNR Admin previously budgeted a cost-share contribution for a Comprehensive Plan update FTE in DDES. That account is zeroed out because costs for this position are now allocated through the General Government cost pool of the General Fund overhead allocation. Similarly, some of the funds budgeted here in the past were for services now accounted for in KCIT's service billing structure, so no longer need to be budgeted as a direct transfer.

#### **Revenue Adjustments**

**2013 - (\$191,212) Revenue**

**2014 - (\$12,243) Revenue**

This adjustment aligns the office's revenues to match its expenditures as well as update the recording fee surcharge transfer from the Historical Preservation and Historical Programs Fund.

#### **Long-Term Lease Rebate**

**2013 - (\$118,118)**

**2014 - (\$118,118)**

King County has received a rebate from the owner of the King Street Center and has benefitted from the refinancing of the remaining debt. The 2013 / 2014 Proposed Budget passes this windfall on to the King Street tenants in the form of a \$7.5 million rent rebate and a \$450,000 capital project to reconfigure space associated with the Road Services proposed consolidation to a single floor in King Street Center. Since this Road Services cost cutting space measure is a relatively recent proposal a 20 percent contingency is included in the \$450,000 project amount budgeted in the Long Term Lease fund. In the proposed budget the rebate has been included as a separate decision package entry to offset the central rate budgeting of 2013 and 2014 lease costs.

## ***SOLID WASTE DIVISION***

### **Mission:**

#### **Solid Waste Division**

To maximize ratepayer value by ensuring that citizens of King County have access to efficient and reliable regional solid waste handling and disposal.

### ***OVERVIEW***

The Solid Waste Division (SWD) provides solid waste transfer, disposal, and recycling services at its transfer stations for residents and businesses in all of King County, except for Seattle and Milton. The SWD also provides moderate risk waste disposal options, and recycling education and waste prevention programs. Solid waste from King County is buried in the County-owned Cedar Hills Regional Landfill.

SWD uses a combination of incentives, technical assistance, and regulations to promote desirable environmental practices by individuals and businesses in order to advance the King County Strategic Plan's (KCSP) Environmental Sustainability goal to safeguard and enhance the County's natural resources and environment. SWD provides green building assistance and training to staff throughout the county and in the suburban cities. All of SWD's waste prevention and recycling programs are intended to educate individuals and businesses about more sustainable practices and encourage them to reduce their waste and recycle more.

SWD supports the county's other "What" goals by undertaking regional emergency planning (Justice and Safety), reducing exposure to hazardous materials by safely disposing of moderate risk waste (Health and Human Potential), and promoting regional economic development through partnerships with regional organizations, other jurisdictions, and the private sector (Economic Growth and Built Environment).

### **2013 / 2014 Key Issues**

The key issues facing the Solid Waste Division over the next biennium include implementing a new rate, continuing interlocal agreement (ILA) discussions with cities, constructing new transfer facilities, and expanding recyclables collection.

#### ***New Rate***

Solid Waste is proposing a rate increase from \$109/ton in 2012 to \$121.75/ton over the 2013 / 2014 period. The primary driver of the rate increase is due to increased debt to finance the construction of new transfer facilities. Other key factors include a flat tonnage forecast, unfavorable interest earnings in the Landfill Reserve Fund, and increased recycling services.

#### ***ILA Discussions***

The current ILAs between 37 cities (all cities in King County except Seattle and Milton) and the County will expire in 2028. As the County prepares to issue bonds to finance the renovation of the transfer system, ensuring adequate revenue to repay the bonds is critical. Because the ILAs require participation in the county's solid waste system, guaranteeing consistent tonnage and corresponding revenue, all bonds must be repaid before the expiration of the ILAs. These discussions are still on-going, so the 2013 / 2014 budget proposal is based on bonds that expire by 2028.

### ***Transfer Station Implementation***

The capital improvement program approved under the cooperatively-developed 2006 Transfer Plan is being implemented. The aging transfer system is in need of extensive improvements after nearly 50 years of service to a growing region. Increased focus on environmental stewardship has reshaped the role of transfer stations in managing solid waste. Population growth and advances in the industry have generated the need to provide greater capacity and updated station technology. Using a collaborative, regional approach, the SWD, with its two advisory committees – the Solid Waste Advisory Committee and the Metropolitan Solid Waste Management Advisory Committee – explored these needs and developed the Transfer Plan to renovate and update the urban transfer system. The County Council approved that plan in 2007.

The Transfer Plan is financed with bonds, which leads to a significant increase in debt service. The division is rolling over Bond Anticipation Notes used in 2011 and 2012, as well as taking on new debt needed to complete the Bow Lake Recycling and Transfer Station. Financing will be needed to fund design and construction of the Factoria Transfer Station as well.

### ***Recyclables Collection***

The 2013 / 2014 budget proposal includes sufficient funds to restore basic recyclables collection at all sites except Algona and Factoria, which lack adequate space for recycling services. The recycling collection changes made in 2012 were met with resistance by Solid Waste's customers. The division has since restored collection at the Enumclaw Transfer Station and the Cedar Falls Drop Box. In 2013, the division plans to restore basic recyclables collection at Houghton, Renton and Shoreline. The curbside-mix of recycling will also be offered at the new Bow Lake Station, but not until July 2013. New recycling services include scrap metal and appliance recycling at Bow Lake, Houghton, Renton, and Vashon. Bow Lake will also accept sharps, bicycles and yard waste.

### **Executive Priorities Considered in 2013 / 2014 Business Planning and Budget Development**

The Executive's 2013 / 2014 priorities to advance the King County Strategic Plan and inform the 2013 / 2014 Proposed Budget spotlighted consideration of Equity and Social Justice; attainment of a 3 percent efficiency target while maintaining value and service levels; energy investment; and KCSP alignment of agency goals, objectives, and services.

- ***Equity and Social Justice:*** The solid waste system, including the new transfer stations, reflects a fair distribution of facilities and resources. This helps ensure that everyone has access to services that create safer and healthier communities. SWD outreach efforts are sensitive to target communities. The division strives to ensure that all residents have full access to relevant environmental and service information. When services change, there are notification plans and educational materials that reach out to all impacted communities.
- ***3 Percent Efficiency:*** The SWD plans on meeting efficiency goals through the use of compactors at transfer stations and revenue enhancements in scrap metal and yard waste collection. Utilizing compactors at the Bow Lake station will reduce the number of truck trips to the Cedar Hills Landfill and save on fuel costs. Similarly, renting cardboard compactors at three stations will also save on transportation costs. Scrap metal collection will be expanded to four stations and is a revenue enhancement because the value of scrap metal exceeds the cost to collect it. Yard waste recycling will be expanded to Bow Lake and will not involve additional resources to make this improvement happen.
- ***Energy Investment:*** In addition to the compactor use and subsequent decrease in fuel consumption described in the 3 Percent Efficiency section above, SWD has designed its new transfer stations with energy efficiency in mind. Bow Lake and Factoria stations are both seeking LEED Gold certification and have been designed to use at least 25 percent less energy than other similar projects. A proposed solar array at the Vashon transfer station is expected to provide about a quarter of the energy used by that station as well.

**2013/2014 Biennial Budget for  
Solid Waste 4040/A72000**

Code/	Item#	Description	Expenditures	FTEs *	TLTs
<b>FY13</b>					
<b>Adopted Budget</b>					
AD_012		2012 Adopted Budget	96,996,436	377.81	3.00
<b>Adjustments to Adopted Budget</b>					
PF_013		2013 Adjustments to 2012 Adopted Budget	1,697,872	(.56)	
<b>Direct Service Changes</b>					
DS_110		Community Services Area Program Allocation	4,657		
<b>Administrative Service Changes</b>					
AC_001		Add Local Hazardous Waste Management Program (LHWMP) Positions	138,467	2.00	
<b>Central Rate Changes</b>					
CR_005		General Fund Overhead Adjustment	80,541		
CR_007		KCIT Operations and Maintenance Charge	(81,699)		
CR_008		KCIT Infrastructure Charge	(427,055)		
CR_009		Geographic Information Systems Charge	28,529		
CR_010		KCIT Operations and Maintenance Charge	(105,084)		
CR_012		KCIT Telecommunications Overhead	(2,352)		
CR_013		Motor Pool Rate Adjustment	2,099		
CR_015		Insurance Charges	207,249		
CR_016		Radio Access	3,012		
CR_017		Radio Maintenance	1,284		
CR_018		Radio Direct Charges	1,464		
CR_019		Radio Reserve Program	204		
CR_020		Prosecuting Attorney Office Civil Division Charge	18,624		
CR_021		Debt Service Adjustment	4,686,984		
CR_022		Long Term Leases	(6,190)		
CR_025		Financial Services Charge	(112,062)		
CR_033		Long Term General Obligation Debt Insurance	(3,216)		
CR_034		Fixed Asset Data Management	498		
CR_036		Property Services-Lease Administration Fee	2,783		
CR_037		Facilities Management Strategic Initiative Fee	100		
CR_038		Major Maintenance Repair Fund	16,884		
CR_046		Countywide Strategic Technology Projects	(74,419)		
CR_048		Business Resource Center	33,252		
CR_050		KCIT Reorganization Transfer	(879,008)		
CR_051		KCIT Application Services	1,296,576		
CR_052		KCIT Workstation Services	1,064,976		
CR_053		KCIT eGovernment Services	228,624		
CR_057		KCIT Countywide Services	98,304		
CR_058		KCIT Tech Service Rebate	(86,544)		
<b>Technical Adjustments</b>					
TA_001		Debt Service Adjustments	(1,096,944)		

**2013/2014 Biennial Budget for  
Solid Waste 4040/A72000**

<b>Code/ Item#</b>	<b>Description</b>	<b>Expenditures</b>	<b>FTEs *</b>	<b>TLTs</b>
TA_002	City Mitigation	143,493		
TA_003	Intrafund Transfer Adjustments	1,908,111		
TA_004	Cedar Hills Landfill Rent Adjustment	266,023		
TA_005	Comprehensive Technical Adjustments	157,958		
TA_006	KCIT Transfer	(745,799)	(2.00)	
TA_050	Revenue Adjustments - \$10,449,481 Revenue	0		
TA_099	Long-Term Lease Rebate	(314,847)		
<b>FY13 Subtotal</b>		<b>105,149,786</b>	<b>377.25</b>	<b>3.00</b>
<b>FY14</b>				
<b>Adjustments to Adopted Budget</b>				
PF_012	2012 Adopted Budget	96,996,436		
PF_014	2013 And 2014 Adjustments to 2012 Adopted Budget	3,080,500		
<b>Direct Service Changes</b>				
DS_110	Community Services Area Program Allocation	4,962		
<b>Administrative Service Changes</b>				
AC_001	Add Local Hazardous Waste Management Program (LHWMP) Positions	143,913		
<b>Central Rate Changes</b>				
CR_099	2014 Central Rate Adjustments	10,373,979		
<b>Technical Adjustments</b>				
TA_001	Debt Service Adjustments	(1,096,944)		
TA_002	City Mitigation	144,543		
TA_003	Intrafund Transfer Adjustments	2,239,313		
TA_004	Cedar Hills Landfill Rent Adjustment	(5,510,490)		
TA_005	Comprehensive Technical Adjustments	446,745		
TA_006	KCIT Transfer	(757,919)		
TA_050	Revenue Adjustments - \$11,755,993 Revenue	0		
TA_099	Long-Term Lease Rebate	(314,847)		
<b>FY14 Subtotal</b>		<b>105,750,191</b>	<b>377.25</b>	<b>3.00</b>
<b>2013/2014 Biennial Budget</b>		<b>210,899,977</b>	<b>377.25</b>	<b>3.00</b>

\* FTEs for the 2013 Budget and 2013/2014 Biennial Budget do not include temporary positions or overtime. The 2013/2014 Biennial Budget reflects the maximum number of FTEs during the biennium.

\*\* The 2013/2014 Biennial Budget reflects the total expenditures for the biennium.

## **Solid Waste Division**

### ***PROGRAM HIGHLIGHTS***

The 2013 / 2014 Proposed Budget for the Solid Waste Division is \$210,899,977, 377.25 FTEs and 3.0 TLTs.

#### **Adjustments to the Adopted Budget (Pro Forma)**

Adjustments to the 2012 Adopted Budget in 2013 and 2014 Pro Forma include annualization of mid-2012 changes and removal of one-time changes, if any, as well as miscellaneous salary adjustments. Salary adjustments include increases for 3.09 percent COLA for 2013 and 2.00 percent for 2014 and a 1.00 percent increase in the Flex Benefit rate for 2013 from the 2012 rate and a 4.00 percent increase from 2013 for the 2014 rate.

#### **Direct Service Changes**

##### **Community Services Area Program Allocation**

**2013 - \$4,657**

**2014 - \$4,962**

This proposed change reflects SWD's share of the allocation model to fund the implementation of the Community Services Area (CSA) program. The CSA program, adopted by the Council in 2011, replaces the former Unincorporated Area Councils (UAC) approach to fostering community involvement in the unincorporated areas. The CSA program will be funded per the former UAC allocation model of which SWD is responsible for 1.4 percent.

#### **Administrative Changes**

##### **Add Local Hazardous Waste Management Program (LHWMP) Positions**

**2013 - \$138,467 / 2.00 FTEs**

**2014 - \$143,913**

This request is to add two positions to the LHWMP program. One position is for communication and outreach activities, while the other position is for policy-related support. Both of these positions are revenue-backed by the LHWMP program.

#### **Central Rate Changes**

##### **Central Rate Adjustments**

**2013 - \$5,994,359**

**2014 - \$10,373,979**

This series of adjustments captures the net effect of countywide charges from the 2012 Adopted Budget to reflect the most current 2013 and 2014 central rate charges. Unlike previous years, it does not include COLA and flex benefits, which are included in the Pro Forma decision package. Details about each rate can be found in the How We Deliver Introduction, beginning on page H-5, and the agency-specific changes are detailed in the central rate section of the agency crosswalk.

### **Technical Adjustments**

#### **Debt Service Adjustments**

**2013 – (\$1,096,944)**

**2014 – (\$1,096,944)**

This decision package accounts for a change in debt service instruments used to finance construction. Conventional long-term debt will be utilized for the current budget cycle. Bond Anticipation Notes (BAN – interest only payments) will no longer be used.

#### **City Mitigation**

**2013 - \$143,493**

**2014 - \$144,543**

This request is to provide mitigation money to cities that are impacted by SWD transfer facilities. The money must be used for a specific purpose that is directly related to the solid waste system. For example, road wear is a known impact from SWD trucks and trailers traveling on city streets. The cities will have to provide justification for receiving any money, such as a road project, and funds received must be used for that purpose.

#### **Intrafund Transfer Adjustments**

**2013 - \$1,908,111**

**2014 - \$2,239,313**

These are transfers to the Capital Equipment Replacement Program (CERP) and the Landfill Reserve Fund (LRF). The CERP transfer increase is due to increases in vehicle repairs in the replacement program. The LRF transfer increase is due to adjustments in the model for interest and inflation as well as an update to the post-closure portion of the model.

#### **Cedar Hills Landfill Rent Adjustment**

**2013 - \$226,023**

**2014 – (\$5,510,490)**

This request updates the amount for Cedar Hills Landfill rent to match the current rent schedule. A new schedule, based on a new appraisal, will start in 2015.

#### **Comprehensive Technical Adjustments**

**2013 - \$157,958**

**2014 - \$446,745**

This request accounts for various budget adjustments to realign the division's base budget to the proposed new rate. This includes adjustments to disposal, transportation, transfer station, and recycling operations as well as some adjustments in administrative and engineering cost centers. Some major items include a reduction in fuel primarily due to compactors at Bow Lake, an increase in consulting and professional services related to the construction of new transfer stations, and an increase to the DNRP Director's Office overhead.

#### **KCIT Transfer**

**2013 – (\$745,799) / (2.00) FTEs**

**2014 – (\$757,919)**

The Information Technology Unit in SWD will be moved to King County Information Technology (KCIT) in 2013. Two existing FTEs will move. These FTEs perform SWD-specific technology tasks including maintaining the cashiering system, which is the backbone of SWD's business. They also support the accounts receivable unit, environmental data monitoring systems, and video monitoring systems.

### **Revenue Adjustments**

**2013 – \$10,449,481 Revenue**

**2014 - \$11,755,993 Revenue**

This adjustment updates the division's revenue from tipping fees and grants to match current projections. These revenues are based on the proposed \$121.75/ton basic fee.

### **Long-Term Lease Rebate**

**2013 – (\$314,847)**

**2014 – (\$314,847)**

King County has received a rebate from the owner of the King Street Center and has benefitted from the refinancing of the remaining debt. The 2013 / 2014 Proposed Budget passes this windfall on to the King Street tenants in the form of a \$7.5 million rent rebate and a \$450,000 capital project to reconfigure space associated with the Road Services proposed consolidation to a single floor in King Street Center. Since this Road Services cost cutting space measure is a relatively recent proposal a 20 percent contingency is included in the \$450,000 project amount budgeted in the Long Term Lease fund. In the proposed budget the rebate has been included as a separate decision package entry to offset the central rate budgeting of 2013 and 2014 lease costs.

**2013/2014 Biennial Proposed Financial Plan  
Solid Waste Division 00004040**

	<b>2011 Actual <sup>1</sup></b>	<b>2012 Adopted</b>	<b>2012 Estimated <sup>2</sup></b>	<b>2013 Proposed <sup>3</sup></b>	<b>2014 Proposed <sup>3</sup></b>	<b>2015 Projected <sup>4</sup></b>	<b>2016 Projected <sup>4</sup></b>
Beginning Fund Balance	15,686,452	10,528,766	13,965,041	8,507,999	8,271,882	8,741,872	8,544,853
<b>Revenues</b>							
Net Disposal Fees <sup>5</sup>	77,807,490	88,538,269	88,538,269	97,848,207	98,779,893	109,373,993	111,469,866
Moderate Risk Waste (MRW)	2,336,036	3,303,870	3,303,870	3,603,436	3,658,588	3,731,760	3,806,395
Recycling Revenues (excluding MRW)	599,724	296,900	296,900	957,722	987,065	1,011,742	1,037,339
Grants	673,603	568,000	568,000	245,000	170,000	250,000	250,000
Interest Earnings	82,882	32,849	32,849	32,487	30,978	32,005	149,861
Landfill Gas to Energy	426,298	730,300	730,300	1,116,537	1,404,346	1,468,219	1,468,219
Harbor Island Rental Income	-	876,000	-	940,570	987,598	1,036,978	1,088,827
Other Revenues	775,151	118,000	118,000	169,710	201,713	180,984	186,414
DNR Administration (0381)	6,060,847	5,820,640	5,820,640	6,209,378	6,452,908	6,581,966	6,713,605
<b>Total Revenues</b>	<b>88,762,030</b>	<b>100,284,828</b>	<b>99,408,828</b>	<b>111,123,047</b>	<b>112,673,089</b>	<b>123,667,647</b>	<b>126,170,526</b>
<b>Total Biennial Revenues</b>				<b>223,796,135</b>		<b>249,838,173</b>	
<b>Expenditures</b>							
SWD Operating Expenditures	(62,914,001)	(69,859,118)	(69,859,118)	(72,089,801)	(74,137,687)	(79,115,017)	(81,072,552)
Landfill Reserve Fund Transfer	(4,811,089)	(7,511,983)	(7,511,983)	(9,870,094)	(10,201,296)	(10,551,859)	(11,009,408)
CERP Fund Transfer	(3,100,000)	(3,300,000)	(3,300,000)	(3,850,000)	(3,850,000)	(3,850,000)	(3,850,000)
Debt Service - Existing LTGO Debt	(4,356,187)	(4,361,000)	(4,361,000)	(9,047,984)	(13,044,764)	(18,734,448)	(21,704,322)
Debt Service - BAN Payments Anticipated <sup>6</sup>	-	(1,096,944)	(1,096,944)	-	-	-	-
Construction Fund Transfer	(1,000,000)	(2,000,000)	(2,000,000)	(1,000,000)	(1,000,000)	(2,000,000)	(2,000,000)
Rent, Cedar Hills Landfill <sup>7</sup>	(8,609,112)	(8,867,391)	(8,867,391)	(9,148,414)	(3,371,901)	(2,885,000)	(2,928,000)
Host City Mitigation	-	-	-	(143,493)	(144,543)	(146,376)	(147,438)
SWD, Supplemental Ordinance(s)	-	-	(255,500)	-	-	-	-
SWD Encumbrances (0720)	-	-	(1,793,294)	-	-	-	-
DNR Administration (0381)	(5,693,052)	(5,820,640)	(5,820,640)	(6,209,378)	(6,452,908)	(6,581,966)	(6,713,605)
<b>Total Expenditures</b>	<b>(90,483,441)</b>	<b>(102,817,076)</b>	<b>(104,865,870)</b>	<b>(111,359,164)</b>	<b>(112,203,099)</b>	<b>(123,864,666)</b>	<b>(129,425,325)</b>
<b>Total Biennial Expenditures</b>				<b>(223,562,263)</b>		<b>(253,289,991)</b>	
Estimated Underexpenditures	-	-	-	-	-	-	-
<b>Other Fund Transactions</b>							
GAAP Adjustment	-	-	-	-	-	-	-
Adjustment by Finance	-	-	-	-	-	-	-
<b>Total Other Fund Transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Biennial Other Fund Transactions</b>				<b>-</b>		<b>-</b>	
<b>Ending Fund Balance</b>	<b>13,965,041</b>	<b>7,996,518</b>	<b>8,507,999</b>	<b>8,271,882</b>	<b>8,741,872</b>	<b>8,544,853</b>	<b>5,290,054</b>
<b>Reserves</b>							
Expenditure Reserves							
DO Encumbrance Carryovers (0381)							
SWD Encumbrance Carryovers (0720)	(1,793,294)	-	-	-	-	-	-
Rainy Day Reserve @ 45 days of expenditures <sup>8</sup>	-	-	-	(9,011,225)	(9,267,211)	(9,889,377)	(10,134,069)
<b>Total Reserves</b>	<b>(1,793,294)</b>	<b>-</b>	<b>-</b>	<b>(9,011,225)</b>	<b>(9,267,211)</b>	<b>(9,889,377)</b>	<b>(10,134,069)</b>
Reserve Shortfall <sup>9</sup>				739,343	525,339	1,344,524	4,844,015
Ending Undesignated Fund Balance	12,171,747	7,996,518	-	-	-	-	-

**Financial Plan Notes:**

<sup>1</sup> 2011 Actuals are based on 2011 CAFR and 14th month ARMs.

<sup>2</sup> 2012 Estimated is based on updated revenue and expenditure data as of (05/27/12). 2012 incorporate a basic fee of \$109.00 effective January 1, 2012.

<sup>3</sup> 2013-14 revenues and expenditures include the current forecast, scheduled transfers, and a 2013-14 rate proposal for an increase to \$121.75 in the basic fee effective January 1, 2013.

<sup>4</sup> 2015 and 2016 revenues and expenditures include the current forecast, scheduled transfers, and an increase to \$133.00 in the basic fee. A 2% inflator was applied to Director's Office and LHWMP expenditures and revenues.

<sup>5</sup> Revenue is based on a June 2012 forecast. Forecast disposal tonnage is 821,600 in 2012, 816,200 in 2013, 824,300 in 2014, 832,600 in 2015, and 849,600 in 2016.

<sup>6</sup> Interest only payments (a.k.a. BAN payments) on new debt issuance for 2012 by the division will be refinanced as conventional long term debt in future years.

<sup>7</sup> Revised to reflect anticipated rent schedule.

<sup>8</sup> The fund balance should remain above the 45 day cash reserve policy (SWD operating expenditures \* 45/360) as agreed upon with PSB.

<sup>9</sup> Division under-expenditures are expected to mitigate the reserve shortfall in 2013 and 2014. The reserve shortfall will be considered when evaluating the need for a new rate for 2015 and beyond.

**2013/2014 Biennial Budget for**

**Solid Waste Post-Closure Landfill Maintenance 1040/A71500**

<b>Code/ Item#</b>	<b>Description</b>	<b>Expenditures</b>	<b>FTEs *</b>	<b>TLTs</b>
<b>FY13</b>				
<b>Adopted Budget</b>				
AD_012	2012 Adopted Budget	2,826,439	1.00	
<b>Adjustments to Adopted Budget</b>				
PF_013	2013 Adjustments to 2012 Adopted Budget	(838)		
<b>Central Rate Changes</b>				
CR_005	General Fund Overhead Adjustment	(465)		
CR_007	KCIT Operations and Maintenance Charge	(29)		
CR_008	KCIT Infrastructure Charge	(900)		
CR_010	KCIT Operations and Maintenance Charge	(278)		
CR_013	Motor Pool Rate Adjustment	94		
CR_021	Debt Service Adjustment	4,416		
CR_025	Financial Services Charge	(276)		
CR_037	Facilities Management Strategic Initiative Fee	23		
CR_046	Countywide Strategic Technology Projects	(184)		
CR_048	Business Resource Center	6,689		
<b>Technical Adjustments</b>				
TA_001	Miscellaneous Technical Adjustments	51,281		
TA_002	Site Remediation	(860,303)		
TA_050	Revenue Adjustments - (\$31,549)	0		
<b>FY13 Subtotal</b>		<b>2,025,669</b>	<b>1.00</b>	<b>0.00</b>
<b>FY14</b>				
<b>Adjustments to Adopted Budget</b>				
PF_012	2012 Adopted Budget	2,826,439		
PF_014	2013 And 2014 Adjustments to 2012 Adopted Budget	2,253		
<b>Central Rate Changes</b>				
CR_099	2014 Central Rate Adjustments	26,515		
<b>Technical Adjustments</b>				
TA_001	Miscellaneous Technical Adjustments	94,231		
TA_002	Site Remediation	(909,673)		
TA_050	Revenue Adjustments - (\$68,264)	0		
<b>FY14 Subtotal</b>		<b>2,039,765</b>	<b>1.00</b>	<b>0.00</b>
<b>2013/2014 Biennial Budget</b>		<b>4,065,434</b>	<b>1.00</b>	<b>0.00</b>

\* FTEs for the 2013 Budget and 2013/2014 Biennial Budget do not include temporary positions or overtime. The 2013/2014 Biennial Budget reflects the maximum number of FTEs during the biennium.

\*\* The 2013/2014 Biennial Budget reflects the total expenditures for the biennium.

## **Solid Waste Post-Closure Landfill Maintenance**

Solid Waste Post-Closure Landfill Maintenance provides environmental monitoring and maintenance for closed landfills the County owns or for which the County has custodial responsibility. One FTE is assigned to this fund, while other work is loaned-in from the Solid Waste Division's Operations and Engineering sections.

### ***PROGRAM HIGHLIGHTS***

The 2013 / 2014 Proposed Budget for the Solid Waste Post-Closure Landfill Maintenance is \$4,065,434 and 1 FTE.

#### **Adjustments to the Adopted Budget (Pro Forma)**

Adjustments to the 2012 Adopted Budget in 2013 and 2014 Pro Forma include annualization of mid-2012 changes and removal of one-time changes, if any, as well as miscellaneous salary adjustments. Salary adjustments include increases for 3.09 percent COLA for 2013 and 2.00 percent for 2014 and a 1.00 percent increase in the Flex Benefit rate for 2013 from the 2012 rate and a 4.00 percent increase from 2013 for the 2014 rate.

#### **Central Rate Changes**

##### **Central Rate Adjustments**

**2013 - \$9,089**

**2014 - \$26,515**

This series of adjustments captures the net effect of countywide charges from the 2012 Adopted Budget to reflect the most current 2013 and 2014 central rate charges. Unlike previous years, it does not include COLA and flex benefits, which are included in the Pro Forma decision package. Details about each rate can be found in the How We Deliver Introduction, beginning on page H-5, and the agency-specific changes are detailed in the central rate section of the agency crosswalk.

#### **Technical Adjustments**

##### **Miscellaneous Technical Adjustments**

**2013 - \$51,281**

**2014 - \$94,231**

The Post-Closure Landfill Maintenance Fund pays for the maintenance and environmental monitoring of nine closed and custodial landfills in the county for which the division has responsibility. This request accounts for several adjustments in items such as fuel, miscellaneous consumable items, equipment, and loan in labor.

##### **Site Remediation**

**2013 – (\$860,303)**

**2014 – (\$909,673)**

This request is to fund large remediation projects in the Solid Waste Construction Fund. Budgeting these CIP costs in this operating fund have created issues in the approval process for moving forward with the project. Moving these costs into a CIP fund will allow for better implementation.

##### **Revenue Adjustments**

**2013 - (\$31,549) Revenue**

**2014 - (\$68,264) Revenue**

This decision package accounts for a decrease in investment income due to low interest rates.

**2013/2014 Biennial Proposed Financial Plan  
SW POST CLOSURE LF MAINT / 1040**

	2011 Actual <sup>1</sup>	2012 Adopted	2012 Estimated <sup>2</sup>	2013 Proposed	2014 Proposed <sup>3</sup>	2015 Projected <sup>4</sup>	2016 Projected <sup>4</sup>
Beginning Fund Balance	14,958,823	11,910,043	12,704,937	9,503,539	7,525,443	5,528,600	3,582,347
Pool forecast yields			0.30%	0.30%	0.30%	0.30%	1.32%
<b>Revenues</b>							
Investment income <sup>5</sup>	104,582	57,707	33,231	25,472	19,517	13,610	34,193
Property rental income	20,831	21,456	21,456	22,100	23,407	24,109	24,832
	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>125,413</b>	<b>79,163</b>	<b>54,687</b>	<b>47,572</b>	<b>42,923</b>	<b>37,719</b>	<b>59,025</b>
<b>Total Biennial Revenues</b>					<b>90,495</b>		<b>96,743</b>
<b>Expenditures</b>							
Wages, Benefits and Retirement	(933,507)	(667,816)	(667,816)	(541,212)	(555,450)	(552,437)	(552,437)
Capital	(6,032)	(15,260)	(15,260)	(9,775)	(1,775)	(1,775)	(1,775)
Direct Services	(697,629)	(1,332,401)	(1,332,401)	(680,923)	(688,477)	(653,570)	(653,570)
Intergovernmental Services	(742,131)	(810,962)	(810,962)	(793,759)	(794,064)	(776,190)	(776,190)
Carryover items			(429,646)				
<b>Total Expenditures</b>	<b>(2,379,299)</b>	<b>(2,826,439)</b>	<b>(3,256,085)</b>	<b>(2,025,668)</b>	<b>(2,039,766)</b>	<b>(1,983,972)</b>	<b>(1,983,972)</b>
<b>Total Biennial Expenditures</b>					<b>(4,065,434)</b>		<b>(3,967,943)</b>
Estimated Underexpenditures		-	-	-	-	-	-
<b>Other Fund Transactions</b>							
GAAP Adjustment	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
<b>Total Other Fund Transactions</b>	-	-	-	-	-	-	-
<b>Total Biennial Other Fund Transactions</b>					-		-
<b>Ending Fund Balance</b>	<b>12,704,937</b>	<b>9,162,767</b>	<b>9,503,539</b>	<b>7,525,443</b>	<b>5,528,600</b>	<b>3,582,347</b>	<b>1,657,401</b>
<b>Reserves</b>							
Expenditure Reserves							
Custodial Landfill Post Closure <sup>6</sup>	(3,314,329)	(2,473,947)	(2,565,956)	(2,031,870)	(1,492,722)	(967,234)	(447,498)
Closed Landfill Post Closure <sup>7</sup>	(8,592,704)	(6,413,937)	(6,652,477)	(5,267,810)	(3,870,020)	(2,507,643)	(1,160,180)
Program Contingency <sup>8</sup>	(368,259)	(274,883)	(285,106)	(225,763)	(165,858)	(107,470)	(49,722)
Carryover (encumbrance) Reserve	(429,646)						
<b>Total Reserves</b>	<b>(12,704,937)</b>	<b>(9,162,767)</b>	<b>(9,503,539)</b>	<b>(7,525,443)</b>	<b>(5,528,600)</b>	<b>(3,582,347)</b>	<b>(1,657,401)</b>
<b>Ending Undesignated Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Financial Plan Notes:**

<sup>1</sup> 2011 Actuals are based on ARMS.

<sup>2</sup> 2012 Estimated is based on updated revenue and expenditure data as of (June 2012).

<sup>3</sup> 2014 revenues and expenditures include inflation assumptions based upon data from the Office of Economic and Financial Analysis (OEFA).

<sup>4</sup> 2015 and 2016 revenues and expenditures include assumptions based upon data from the Office of Economic and Financial Analysis (OEFA).

<sup>5</sup> Calculated based upon beginning fund balance and 1/2 of annual expenditures (to time adjust expenditures)

<sup>6</sup> Custodial Landfill Post Closure Reserve is for on - going care of custodial landfills.

<sup>7</sup> Closed Landfill Post Closure Reserve is for regulatory required post closure care of closed landfills.

<sup>8</sup> Program Contingency sets aside fund balance to offset fluctuations in unplanned costs.

<sup>9</sup> The fund is required in order to perform required post closure care.

## **Solid Waste Division Capital Improvement Program**

The purpose of the Solid Waste Division capital program is to maintain the transfer and disposal system's ability to meet service demands as well as the environmental control systems at closed landfills. The program also ensures that these facilities are maintained and operated in accordance with applicable regulations and in a safe and environmentally responsible manner.

New waste handling facility projects recommended in the Solid Waste Transfer and Waste Management Plan are continuing for the northeast and south King County areas with the site selection process starting in 2012. The Bow Lake Recycling and Transfer Station is scheduled to become operational in the summer of 2012 with deconstruction of the old facility to follow. Design of the replacement Factoria Recycling and Transfer Station is continuing and a baseline cost estimate is scheduled to be established in late 2012 after costs related to land use issues are resolved. In the CIP six year plan, the South County Recycling and Transfer Station implementation is proposed for 2015 with an option to accelerate to 2014 in a mid-biennial supplemental ordinance.

The 2013 / 2014 capital program proposal also includes the addition of projects to upgrade environmental systems at the Enumclaw, Vashon and Cedar Falls closed landfills as well as make improvements at the Cedar Falls drop box. Planning continues for Cedar Hills Refuse Area 8, approved by Council in 2010 in the Project Program Plan - Cedar Hills Regional Landfill 2010 Site Development Plan.

The total 2013 / 2014 Executive Proposed CIP Budget for the Solid Waste Division is \$101,055,761. Significant project proposals include:

### **Factoria Recycling and Transfer Station: 2013 / 2014 Proposed Budget \$58,050,764**

This project includes deconstruction of the existing transfer station and construction of a new recycling and transfer station on the existing site and adjacent properties to the northwest of the site, which the division purchased in 2007. This project is in final design with construction scheduled to begin in mid-2013 following an upcoming assessment of project delivery options.

### **Area 8 Refuse Cell Development/Facility Relocation: 2013 / 2014 Proposed Budget \$18,685,586**

This is a multi-year project to develop the Area 8 refuse cell. The existing stormwater facilities and stockpile will be relocated to accommodate the Area 8 refuse cell development.

### **CERP Equipment Purchase: 2013 / 2014 Proposed Budget \$10,594,500**

The Solid Waste Division will delay the scheduled procurement of significant equipment replacement due to the focus on constructing new, state-of-the-art recycling and transfer stations as well as to evaluate the potential long-term impact of flat tonnage. The new facilities will, in some cases, require different equipment. The Solid Waste Division is minimizing new expenditures and maintaining existing equipment to be cost-efficient when investing in equipment.

The division maintains an equipment replacement plan and provides long-term financing by making annual contributions to the Capital Equipment Replacement Fund which supports the 2013 / 2014 proposed investment of \$10.6 million in equipment replacement purchases or rebuilds.

### **Cedar Hills Environmental Systems Modifications: 2013 / 2014 Proposed Budget \$5,325,690**

This project will address improvements to the environmental control systems at the Cedar Hills Regional Landfill.

**2013/2014 Biennial Proposed Financial Plan  
LANDFILL RESERVE FUND/000003910**

	<b>2011 Actual <sup>1</sup></b>	<b>2012 Adopted</b>	<b>2012 Estimated <sup>2</sup></b>	<b>2013 Proposed</b>	<b>2014 Proposed <sup>3</sup></b>	<b>2015 Projected <sup>4</sup></b>	<b>2016 Projected <sup>4</sup></b>	<b>2017 Projected <sup>4</sup></b>	<b>2018 Projected <sup>4</sup></b>
Beginning Fund Balance	32,945,407	11,596,933	32,805,790	38,496,337	42,713,531	47,375,771	41,032,737	39,907,781	42,597,755
Investment pool rate of return			0.30%	0.30%	0.30%	0.30%	1.32%	2.17%	2.83%
<b>Revenues</b>									
Contribution - Solid Waste Fund 4040	4,811,089	7,511,983	7,511,983	9,864,162	10,190,688	10,737,744	11,197,368	11,634,719	12,137,483
Interest received <sup>5</sup>	286,826	5,624	95,542	106,858	119,668	116,332	457,287	760,695	1,114,980
	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>5,097,915</b>	<b>7,517,607</b>	<b>7,607,525</b>	<b>9,971,020</b>	<b>10,310,356</b>	<b>10,854,076</b>	<b>11,654,655</b>	<b>12,395,414</b>	<b>13,252,463</b>
<b>Total Biennial Revenues</b>					<b>20,281,377</b>		<b>22,508,730</b>		<b>25,647,877</b>
<b>Expenditures</b>									
Expenditures (cashflow) <sup>6</sup>	(5,237,532)	(1,232,420)	(1,916,978)	(5,753,826)	(5,648,117)	(17,197,109)	(12,779,611)	(9,705,440)	(6,398,303)
Contingency	-	535,000	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>(5,237,532)</b>	<b>(697,420)</b>	<b>(1,916,978)</b>	<b>(5,753,826)</b>	<b>(5,648,117)</b>	<b>(17,197,109)</b>	<b>(12,779,611)</b>	<b>(9,705,440)</b>	<b>(6,398,303)</b>
<b>Total Biennial Expenditures</b>					<b>(11,401,943)</b>		<b>(29,976,720)</b>		<b>(16,103,743)</b>
Estimated Underexpenditures		-	-	-	-	-	-	-	-
<b>Other Fund Transactions</b>									
GAAP Adjustment	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
<b>Total Other Fund Transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Biennial Other Fund Transactions</b>					<b>-</b>		<b>-</b>		<b>-</b>
<b>Ending Fund Balance</b>	<b>32,805,790</b>	<b>18,417,120</b>	<b>38,496,337</b>	<b>42,713,531</b>	<b>47,375,771</b>	<b>41,032,737</b>	<b>39,907,781</b>	<b>42,597,755</b>	<b>49,451,915</b>
<b>Reserves</b>									
Expenditure Reserves									
CH future Development/Closure/PCM <sup>7</sup>	(32,805,790)	(18,417,120)	(38,496,337)	(42,713,531)	(47,375,771)	(41,032,737)	(39,907,781)	(42,597,755)	(49,451,915)
<b>Total Reserves</b>	<b>(32,805,790)</b>	<b>(18,417,120)</b>	<b>(38,496,337)</b>	<b>(42,713,531)</b>	<b>(47,375,771)</b>	<b>(41,032,737)</b>	<b>(39,907,781)</b>	<b>(42,597,755)</b>	<b>(49,451,915)</b>
Reserve Shortfall	-	-	-	-	-	-	-	-	-
<b>Ending Undesignated Fund Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Financial Plan Notes:**

<sup>1</sup> 2011 Actuals are based on 2011 ARMS data.

<sup>2</sup> 2012 Estimated is based on updated revenue and expenditure data as of (6/2012).

<sup>3</sup> 2014 revenues and expenditures include inflation assumptions from Office of Economic and Financial Analysis (OEFA) forecasts.

<sup>4</sup> 2015 and 2016 revenues and expenditures include inflation assumptions from Office of Economic and Financial Analysis (OEFA) forecasts.

<sup>5</sup> Calculated based upon beginning fund balance and 1/2 of annual expenditures (to time adjust expenditures)

<sup>6</sup> Cashflow is based off of estimates and assumptions in footnotes 2-4.

**2013/2014 Biennial Proposed Financial Plan**  
**SOLID WASTE CONSTRUCTION/000003901/3903/3904/3905**

	<b>2011 Actual <sup>1</sup></b>	<b>2012 Adopted</b>	<b>2012 Estimated <sup>2</sup></b>	<b>2013 Proposed</b>	<b>2014 Proposed <sup>3</sup></b>	<b>2015 Projected <sup>4</sup></b>	<b>2016 Projected <sup>4</sup></b>	<b>2017 Projected <sup>4</sup></b>	<b>2018 Projected <sup>4</sup></b>
Beginning Fund Balance	5,033,017	11,261,363	6,437,170	11,521,209	806,254	1,686,377	2,652,086	3,504,782	3,328,321
Investment pool rate of return			0.30%	0.30%	0.30%	0.30%	1.32%	2.17%	2.83%
<b>Revenues</b>									
Contribution - Solid Waste Fund 4040	1,000,000	2,000,000	2,000,000	1,000,000	1,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Bond/BAN proceeds	40,937,600	18,000,000	35,110,241	86,000,000	34,000,000	59,000,000	31,000,000	30,000,000	30,000,000
Retire BANS	-	-	-	(75,000,000)	-	-	-	-	-
Repay short term interfund loan from fund 1040	(10,000,000)	-	-	-	-	-	-	-	-
Interest received	148,553	9,142	76,086	257,702	52,757	91,468	178,268	371,003	493,088
Property sale	-	-	-	-	-	-	7,700,000	-	-
Rental/misc income	1,166,932	268,237	268,237	268,237	268,237	268,237	268,237	268,237	268,237
<b>Total Revenues</b>	<b>33,253,085</b>	<b>20,277,379</b>	<b>37,454,564</b>	<b>12,525,939</b>	<b>35,320,994</b>	<b>61,359,705</b>	<b>41,146,505</b>	<b>32,639,240</b>	<b>32,761,325</b>
<b>Total Biennial Revenues</b>					<b>47,846,934</b>		<b>102,506,211</b>		<b>65,400,566</b>
<b>Expenditures</b>									
Expenditures (cashflow)	(31,848,932)	(26,489,500)	(32,370,526)	(23,240,894)	(34,440,871)	(60,393,996)	(40,293,810)	(32,815,701)	(31,809,423)
	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>(31,848,932)</b>	<b>(26,489,500)</b>	<b>(32,370,526)</b>	<b>(23,240,894)</b>	<b>(34,440,871)</b>	<b>(60,393,996)</b>	<b>(40,293,810)</b>	<b>(32,815,701)</b>	<b>(31,809,423)</b>
<b>Total Biennial Expenditures</b>					<b>(57,681,765)</b>		<b>(100,687,806)</b>		<b>(64,625,124)</b>
Estimated Underexpenditures		-	-	-	-	-	-	-	-
<b>Other Fund Transactions</b>									
GAAP Adjustment	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
<b>Total Other Fund Transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Biennial Other Fund Transactions</b>					<b>-</b>		<b>-</b>		<b>-</b>
<b>Ending Fund Balance</b>	<b>6,437,170</b>	<b>5,049,242</b>	<b>11,521,209</b>	<b>806,254</b>	<b>1,686,377</b>	<b>2,652,086</b>	<b>3,504,782</b>	<b>3,328,321</b>	<b>4,280,223</b>
<b>Reserves<sup>5</sup></b>									
Ending Undesignated Fund Balance	6,437,170	5,049,242	11,521,209	806,254	1,686,377	2,652,086	3,504,782	3,328,321	4,280,223

**Financial Plan Notes:**

<sup>1</sup> 2011 Actuals are based on 2011 ARMS data.

<sup>2</sup> 2012 Estimated is based on updated revenue and expenditure data as of (6/21/2012).

<sup>3</sup> 2014 revenues and expenditures include inflation assumptions from Office of Economic and Financial Analysis (OEFA) forecasts.

<sup>4</sup> 2015 and 2016 revenues and expenditures include inflation assumptions from Office of Economic and Financial Analysis (OEFA) forecasts.

<sup>5</sup> There are no reserves in this fund.

**2013/2014 Biennial Proposed Financial Plan  
SW CAP EQUIP REPLACEMENT/000003810**

	<b>2011 Actual <sup>1</sup></b>	<b>2012 Adopted</b>	<b>2012 Estimated <sup>2</sup></b>	<b>2013 Proposed</b>	<b>2014 Proposed <sup>3</sup></b>	<b>2015 Projected <sup>4</sup></b>	<b>2016 Projected <sup>4</sup></b>	<b>2017 Projected <sup>4</sup></b>	<b>2018 Projected <sup>4</sup></b>
Beginning Fund Balance	12,540,091	11,899,452	13,900,819	8,424,842	6,256,693	5,801,798	4,228,593	3,942,330	2,564,247
Investment pool rate of return			0.30%	0.30%	0.30%	0.30%	1.32%	2.17%	2.83%
<b>Revenues</b>									
Contribution - Solid Waste Fund 4040	3,100,000	3,300,000	3,300,000	3,850,000	3,850,000	3,850,000	3,850,000	4,350,000	4,350,000
Sale of surplus equipment	83,405	250,000	29,800	102,782	140,521	799,768	707,301	611,668	394,405
Interest received <sup>5</sup>	142,729	6,950	37,055	16,069	12,084	8,059	23,694	16,582	7,617
	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>3,326,134</b>	<b>3,556,950</b>	<b>3,366,855</b>	<b>3,968,851</b>	<b>4,002,605</b>	<b>4,657,827</b>	<b>4,580,995</b>	<b>4,978,250</b>	<b>4,752,022</b>
<b>Total Biennial Revenues</b>				<b>7,971,456</b>	<b>9,238,821</b>	<b>9,730,272</b>			
<b>Expenditures</b>									
Expenditures	(1,965,406)	(3,098,333)	(3,098,333)	(6,137,001)	(4,457,500)	(6,231,031)	(4,867,258)	(6,356,334)	(4,590,196)
CIP RV carryover	-	-	(5,744,499)	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>(1,965,406)</b>	<b>(3,098,333)</b>	<b>(8,842,832)</b>	<b>(6,137,001)</b>	<b>(4,457,500)</b>	<b>(6,231,031)</b>	<b>(4,867,258)</b>	<b>(6,356,334)</b>	<b>(4,590,196)</b>
<b>Total Biennial Expenditures</b>				<b>(10,594,500)</b>	<b>(11,098,289)</b>	<b>(10,946,529)</b>			
Estimated Underexpenditures		-	-	-	-	-	-	-	-
<b>Other Fund Transactions</b>									
GAAP Adjustment	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
<b>Total Other Fund Transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Biennial Other Fund Transactions</b>				<b>-</b>	<b>-</b>	<b>-</b>			
<b>Ending Fund Balance</b>	<b>13,900,819</b>	<b>12,358,069</b>	<b>8,424,842</b>	<b>6,256,693</b>	<b>5,801,798</b>	<b>4,228,593</b>	<b>3,942,330</b>	<b>2,564,247</b>	<b>2,726,073</b>
<b>Reserves<sup>6</sup></b>									
Ending Undesignated Fund Balance	13,900,819	12,358,069	8,424,842	6,256,693	5,801,798	4,228,593	3,942,330	2,564,247	2,726,073

**Financial Plan Notes:**

<sup>1</sup> 2011 Actuals are based on 2011 ARMS data.

<sup>2</sup> 2012 Estimated is based on updated revenue and expenditure data as of (6/21/2012).

<sup>3</sup> 2014 revenues and expenditures include inflation assumptions from Office of Economic and Financial Analysis (OEFA) forecasts.

<sup>4</sup> 2015 and 2016 revenues and expenditures include inflation assumptions from Office of Economic and Financial Analysis (OEFA) forecasts.

<sup>5</sup> Calculated based upon beginning fund balance and 1/2 of annual expenditures (to time adjust expenditures)

<sup>6</sup> There are no reserves in this fund.

## ***WATER AND LAND RESOURCES DIVISION***

### ***Mission:***

#### **Water and Land Resources**

To protect King County's water and lands so that its citizens can enjoy them safely today, and for generations to come.

### ***OVERVIEW***

The King County Water and Land Resources Division (WLRD) improves water quality and protects the environment by administering the surface water drainage utility for unincorporated King County, regional flood control programs and facilities, and programs that provide economic and technical support for forestry and agriculture, acquiring open space, restoring habitat and control of noxious weeds. The division's budget includes five special revenue operating funds and nine Capital Improvement Program (CIP) funds. Operating funds include: Water and Land Resources Shared Services, Surface Water Management (SWM) Rural Drainage, Noxious Weed Control Fund, King County Flood Control Contract, and the Inter-County River Improvement Fund (ICRIF).

By improving water quality and protecting natural resources throughout King County, WLRD helps the County achieve its KCSP Environmental Sustainability Objective 1: "protect and restore water quality, biodiversity, open space, and ecosystems."

The Rivers and Floodplain Management Group -- Flood Control Contract and ICRIF -- aligns with the Economic Growth and Built Environment (EGBE) goal by protecting regional economic centers, public and private properties, and transportation corridors from the risk of flooding. This group also "decreases damage or harm in the event of a regional crisis" (Justice and Safety Objective 4) by coordinating and implementing direct responses to floods and severe weather responses and managing the King County Flood Warning System. Budget information for these funds is found in the EGBE section of this book.

### **2013 / 2014 Key Issues**

The 2013/ 2014 Proposed Biennial Budget begins implementation of a rate study conducted in 2012. One component of the study assessed the options for SWM-funded operational programs and capital projects to meet requirements of a new National Pollutant Discharge Elimination System (NPDES) municipal stormwater permit for water quality and address strategic and policy direction on water quality, public safety, salmon habitat, Puget Sound recovery, and customer service. This budget assumes a proposed 27 percent increase in the current residential SWM rate from \$133/parcel to \$169/parcel. Commercial rates will increase proportionately. Most of the 27 percent increase allows the division to continue current operational service levels in the face of annexations and increased regulatory requirements described below. The SWM fee not only funds stormwater and drainage projects, but also several important public education and involvement programs such as the Cedar River Council, Water Resource Inventory Area (WRIA) coordination teams, and groundwater protection.

This biennium includes a new five-year NPDES municipal stormwater permit, spanning 2013-2018. Mandated by Congress under the Clean Water Act, the NPDES permit process requires local jurisdictions to implement certain activities to protect local bodies of water from pollution and other harmful effects caused by stormwater runoff from developed lands. The new permit has new and enhanced requirements that include increased GIS-compatible mapping of the municipal stormwater system, updated regulations to implement new stormwater low impact development standards, detecting and eliminating illicit discharges, increased inspection and enforcement of private facilities, addressing total maximum daily load (TMDL) water quality problems, basin-scale planning, and increased monitoring and education. Meeting the intent of the NPDES permit helps the County achieve the

## ENVIRONMENTAL SUSTAINABILITY

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KCSP goals by “protect[ing] water quality through reducing pollution at its source, wastewater treatment, low impact development, and stormwater management.” (Environmental Sustainability Strategy 1.e)

The proposed rate increase will fund the debt service on a major expansion to the SWM capital program, an average 45 percent increase per year from the 2012 Adopted Budget. WLRD can leverage low interest rates from the weak economy and the County’s strong bond rating to fund this expansion without a near-term spike in SWM fees. By aggressively expanding the capital program in the near-term, the County can fund a significant backlog of capital projects that will mitigate impacts of stormwater runoff on public safety, water quality, and ecological functions in receiving waters.

Additionally, the division will begin implementing recommendations from an independent peer review of its flood control capital project practices as well as the SWM-funded capital program. One of the review panel’s findings is that there is an increased risk for recreational users of our rivers and public lands as floodplain projects, including projects that restore lost habitat and ecosystem functions, are implemented. To address this finding, the review panel recommends dedicated King County staff to coordinate recreational aspects of projects and other programmatic activities. The 2013 / 2014 Proposed Budget includes a Public Safety Officer and two community outreach staff. Further information on these proposals can be found in the WLRD Shared Services and the Surface Water Management budget pages below.

### **Executive Priorities Considered in 2013 / 2014 Business Planning and Budget Development**

The Executive’s 2013 / 2014 priorities to advance the King County Strategic Plan and inform the 2013 / 2014 Proposed Budget spotlighted consideration of Equity and Social Justice; attainment of a 3 percent efficiency target while maintaining value and service levels; energy investment; and KCSP alignment of agency goals, objectives, and services.

- ***Equity and Social Justice:*** In 2013 and 2014, the division will initiate its Equity and Social Justice efforts to existing customers, in response to a customer survey completed in 2012. The survey is designed to evaluate its service delivery and communications to ensure that it is reaching key communities that may have language, cultural, or economic barriers to public safety information for flood risk reduction, drainage, protection and mitigation for exposure to hazardous materials, and access to technical assistance for agriculture. Pending analysis of the survey results, WLRD commits to develop strategies for product delivery and internal procedure adjustments in 2013, and implement these strategies in 2014.
- ***3 Percent Efficiency:*** WLRD worked with employees from all levels and within each section to identify opportunities for efficiencies. Division staff provided a remarkable list of ideas for increased productivity and cost savings. Efficiencies include extending the current Noxious Weed fee rate beyond its projected three-year term for three additional years, replacing photocopiers with vendors on the state contract at a lower cost, and changing the IT equipment contract from purchase to leasing. A complete list of the efficiencies is included in the division’s business plan.
- ***Energy Investment:*** The King County Environmental Lab is completing several capital asset replacements that will generate energy savings. These include replacing three existing boilers running less than 80 percent efficiency with two new high-efficiency boilers; replacing a low energy efficiency ratio (EER) chiller with a new, higher EER chiller; replacing existing lighting fixtures with energy saving fixtures; and replacing a gas hot water tank with a heat exchanger recovery tank that uses heat from the new boilers described above. These replacements are expected to also generate operational savings projected at \$20,000 per year.

**2013/2014 Biennial Budget for**

**Water and Land Resources Shared Services 1210/A74100**

<b>Code/ Item#</b>	<b>Description</b>	<b>Expenditures</b>	<b>FTEs *</b>	<b>TLTs</b>
<b>FY13</b>				
<b>Adopted Budget</b>				
AD_012	2012 Adopted Budget	28,954,465	161.15	
<b>Adjustments to Adopted Budget</b>				
PF_013	2013 Adjustments to 2012 Adopted Budget	527,109	.07	
<b>Direct Service Changes</b>				
DS_001	New NPDES Requirements	200,943		
DS_100	Transfer Vacant Positions to WTD	(208,890)	(2.00)	
<b>Administrative Service Changes</b>				
AC_001	Public Safety Officer	104,768	1.00	
AC_002	Administrative Staff Reclassification	(591)		
<b>Central Rate Changes</b>				
CR_005	General Fund Overhead Adjustment	(24,162)		
CR_007	KCIT Operations and Maintenance Charge	(228,891)		
CR_008	KCIT Infrastructure Charge	(346,896)		
CR_009	Geographic Information Systems Charge	118,056		
CR_010	KCIT Operations and Maintenance Charge	(51,255)		
CR_011	KCIT Telecommunications Services	23,868		
CR_012	KCIT Telecommunications Overhead	2,160		
CR_013	Motor Pool Rate Adjustment	66,985		
CR_015	Insurance Charges	(50)		
CR_016	Radio Access	48		
CR_017	Radio Maintenance	24		
CR_020	Prosecuting Attorney Office Civil Division Charge	27,300		
CR_021	Debt Service Adjustment	203,383		
CR_022	Long Term Leases	77,848		
CR_025	Financial Services Charge	(12,462)		
CR_028	Equipment Repair and Replacement	6,699		
CR_029	Wastewater Vehicles	11,669		
CR_036	Property Services-Lease Administration Fee	8,705		
CR_037	Facilities Management Strategic Initiative Fee	(827)		
CR_038	Major Maintenance Repair Fund	2,690		
CR_046	Countywide Strategic Technology Projects	(35,898)		
CR_048	Business Resource Center	11,217		
CR_050	KCIT Reorganization Transfer	(3,089,689)		
CR_051	KCIT Application Services	2,207,136		
CR_052	KCIT Workstation Services	754,680		
CR_053	KCIT eGovernment Services	234,060		
CR_057	KCIT Countywide Services	41,964		
CR_058	KCIT Tech Service Rebate	(233,165)		
<b>Technical Adjustments</b>				
TA_001	Technical Adjustments	(929,566)	.30	

**2013/2014 Biennial Budget for**

**Water and Land Resources Shared Services 1210/A74100**

<b>Code/ Item#</b>	<b>Description</b>	<b>Expenditures</b>	<b>FTEs *</b>	<b>TLTs</b>
TA_099	Long Term Lease Rebate	(214,658)		
<b>FY13 Subtotal</b>		<b>28,208,777</b>	<b>160.52</b>	<b>0.00</b>
<b>FY14</b>				
<b>Adjustments to Adopted Budget</b>				
PF_012	2012 Adopted Budget	28,954,465		
PF_014	2013 And 2014 Adjustments to 2012 Adopted Budget	1,370,153		
<b>Direct Service Changes</b>				
DS_001	NPDES Requirements	(211,288)		
DS_100	Transfer Vacant Positions to WTD	(208,890)		
DS_102	Annexation Contracts (Revenue: \$11,788)	0		
DS_105	West Hill/Skyline Annexation to Renton (Revenue: - \$11,788)	0		
<b>Administrative Service Changes</b>				
AC_001	Safety Officer in WLRD	104,768		
AC_002	Administrative Changes	(591)		
<b>Central Rate Changes</b>				
CR_099	2014 Central Rate Adjustments	(39,572)		
<b>Technical Adjustments</b>				
TA_001	Technical Adjustments	(1,606,634)		
TA_099	Long Term Lease Rebate	(214,658)		
<b>FY14 Subtotal</b>		<b>28,147,752</b>	<b>160.52</b>	<b>0.00</b>
<b>2013/2014 Biennial Budget</b>		<b>56,356,529</b>	<b>160.52</b>	<b>0.00</b>

\* FTEs for the 2013 Budget and 2013/2014 Biennial Budget do not include temporary positions or overtime. The 2013/2014 Biennial Budget reflects the maximum number of FTEs during the biennium.

\*\* The 2013/2014 Biennial Budget reflects the total expenditures for the biennium.

## Water and Land Resources Shared Services

### ***PROGRAM HIGHLIGHTS***

The 2013 / 2014 Proposed Budget is \$56.36 million and 160.52 FTEs. WLRD Shared Services is a reimbursable fund that completes environmental monitoring and analysis work on behalf of the Surface Water Management Fund, Wastewater Treatment Division, Local Hazardous Waste, as well as other programs and services for other internal and external partners.

### **Adjustments to the Adopted Budget (Pro Forma)**

Adjustments to the 2012 Adopted Budget in 2013 and 2014 Pro Forma include annualization of mid-2012 changes and removal of one-time changes, if any, as well as miscellaneous salary adjustments. Salary adjustments include increases for 3.09 percent COLA for 2013 and 2.00 percent for 2014 and a 1.00 percent increase in the Flex Benefit rate for 2013 from the 2012 rate and a 4.00 percent increase from 2013 for the 2014 rate.

### **Direct Services**

#### **New NPDES Requirements**

**2013 - \$200,943 Expenditure / \$353,404 Revenue**

**2014 – (\$211,288) Expenditure / \$225,531 Revenue**

As required by the federal Clean Water Act, the Washington Department of Ecology issues King County an NPDES permit to specify conditions under which the county is allowed to discharge stormwater into state water bodies. This adjustment continues funding for consultant services for wet weather sampling, the NPDES yearly report, monitoring equipment, and King County laboratory analysis. In 2014, additional staff will be loaned-out to SWM projects.

#### **Transfer Vacant Positions to WTD**

**2013 – (\$208,890) Expenditure / (2.00) FTEs**

**2014 – (\$208,890) Expenditure**

This adjustment reflects the elimination of two (of a total three) vacant positions in WLRD. WTD, in turn, will add three FTEs to perform critical maintenance functions on WTD facilities and equipment at the South Treatment Plant, which has a backload of required maintenance due to WTD Operations and Maintenance staff performing work on the Flood Control District's Black River Pump Station and facilities. In 2013 / 2014, the Flood Control program will continue to reimburse WTD staff for this work.

#### **Annexation Contracts**

**2014 - \$11,788 Revenue**

This decision packages includes the revenue impacts on WRIA service agreements with cities in WRIs 8 and 9. The WRIA agreements include cost shares for all participating jurisdictions in each WRIA. The agreements apply a formula which allocates shares based on a combination of population, assessed valuation and area. As areas are annexed or incorporate, the cities' cost shares increase, while King County's are reduced. Since this revenue increase is offset by a reduction in SWM transfers to Shared Services, the net effect on the Shared Services fund is \$0.

### **West Hill/Skyline Annexation to Renton**

#### **2014 – (\$11,788) Revenue**

This decision package includes the revenue impacts on WRIA service agreements with cities in WRIs 8 and 9. The WRIA agreements include cost shares for all participating jurisdictions in each WRIA. The agreements apply a formula which allocates shares based on a combination of population, assessed valuation and area. As areas are annexed or incorporate, the cities' cost shares increase, while King County's are reduced. Since this revenue decrease is offset by an increase in contract revenue from local cities, the net effect on the Shared Services fund is \$0.

### **Administrative Services**

#### **Public Safety Officer**

**2013 - \$104,768 Expenditure / \$147,855 Revenue / 1.0 FTE**

**2014 - \$104,768 Expenditure / \$148,118 Revenue**

This adjustment adds a new Safety Officer position funded by Parks, Flood Control District, and Surface Water Management. The new Safety Officer will provide technical safety expertise and coordinate recreational aspects of projects. The focus will be on ensuring public and employee safety and risk management associated with DNRP capital projects, specifically in the areas of public access, project design, and safety issues surrounding County flood and river projects.

#### **Administrative Staff Reclassification**

**2013 – (\$591) Expenditure**

**2014 – (\$591) Expenditure**

This adjustment reflects the reclassification of a vacant WLRD finance position into a WLRD human resources (HR) analyst. The shift is possible due to efficiencies realized as a result of implementing the new Oracle financial system.

### **Central Rate Changes**

#### **Central Rate Adjustments**

**2013 – (\$224,803) Expenditure**

**2014 – (\$39,572) Expenditure**

This series of adjustments captures the net effect of countywide charges from the 2012 Adopted Budget to reflect the most current 2013 and 2014 central rate charges. Unlike previous years, it does not include COLA and flex benefits, which are included in the Pro Forma decision package. Details about each rate can be found in the How We Deliver Introduction, beginning on page H-5, and the agency-specific changes are detailed in the central rate section of the agency crosswalk.

**Technical Adjustments**

**Technical Adjustments**

**2013 – (\$929,566) Expenditure / (\$418,659) Revenue / 0.30 FTEs**

**2014 – (\$1,606,634) Expenditure / (\$2,377,747) Revenue**

This adjustment is technical in nature, including revising the DNRP department overhead, loan-in/loan-out labor, and consultant services.

**Long Term Lease Rebate**

**2013 – (\$214,658)**

**2014 – (\$214,658)**

King County has received a rebate from the owner of the King Street Center and has benefitted from the refinancing of the remaining debt. The 2013 / 2014 budget passes this windfall on to the King Street tenants in the form of a \$7.5 million rent rebate and a \$450,000 capital project to reconfigure space associated with the Road Services proposed consolidation to a single floor in King Street Center. Since this Road Services cost cutting space measure is a relatively recent proposal a 20 percent contingency is included in the \$450,000 project amount budgeted in the Long Term Lease fund. In the proposed budget the rebate has been included as a separate decision package entry to offset the central rate budgeting of 2013 and 2014 lease costs.

**2013/2014 Biennial Proposed Financial Plan**  
**Water and Land Resources Shared Service Fund / 1210**

	2011 Actual <sup>1</sup>	2012 Adopted	2012 Estimated <sup>2</sup>	2013 Proposed <sup>3</sup>	2014 Proposed <sup>3</sup>	2015 Projected <sup>4</sup>	2016 Projected <sup>4</sup>
Beginning Fund Balance	518,768	882,688	463,659	-	-	-	-
<b>Revenues</b>							
WTD Operating	9,687,013	10,225,602	10,225,602	10,897,433	11,340,101	11,680,304	12,030,713
WTD Capital	342,992	381,967	381,967	-	-	-	-
Local Haz Waste	4,303,621	4,918,288	4,918,288	5,400,409	5,651,973	5,821,532	5,996,178
Surface Water Management Fees	6,300,930	6,281,695	6,281,695	6,759,891	7,006,039	7,631,220	7,445,157
Other Revenues	6,430,803	6,791,104	6,902,458	5,151,044	4,149,639	4,274,128	4,402,352
<b>Total Revenues</b>	<b>27,065,359</b>	<b>28,598,656</b>	<b>28,710,010</b>	<b>28,208,777</b>	<b>28,147,752</b>	<b>29,407,185</b>	<b>29,874,400</b>
<b>Total Biennial Revenues</b>					<b>56,356,529</b>		<b>59,281,585</b>
<b>Expenditures</b>							
Operating Expenditures	(27,121,001)	(28,954,465)	(28,952,315)	(28,208,777)	(28,147,752)	(29,407,185)	(29,874,400)
Encumbrance Reinstatements	-	-	(136,354)	-	-	-	-
2nd Qtr Omnibus	-	-	(85,000)	-	-	-	-
<b>Total Expenditures</b>	<b>(27,121,001)</b>	<b>(28,954,465)</b>	<b>(29,173,669)</b>	<b>(28,208,777)</b>	<b>(28,147,752)</b>	<b>(29,407,185)</b>	<b>(29,874,400)</b>
<b>Total Biennial Expenditures</b>					<b>(56,356,529)</b>		<b>(59,281,585)</b>
Estimated Underexpenditures <sup>5</sup>		-	-	-	-	-	-
<b>Other Fund Transactions</b>							
GAAP Adjustment	533	-	-	-	-	-	-
<b>Total Other Fund Transactions</b>	<b>533</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Biennial Other Fund Transactions</b>							
<b>Ending Fund Balance</b>	<b>463,659</b>	<b>526,879</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reserves</b>							
Expenditure Reserves							
Reserve for Carryover <sup>6</sup>	(136,354)	-	-	-	-	-	-
Rainy Day Reserve <sup>7</sup>	-	-	-	-	-	-	-
<b>Total Reserves</b>	<b>(136,354)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Reserve Shortfall	-	-	-	-	-	-	-
<b>Ending Undesignated Fund Balance</b>	<b>327,305</b>	<b>526,879</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Financial Plan Notes:**

<sup>1</sup> 2011 Actuals are based on 2011 Preliminary CAFR

<sup>2</sup> 2012 Estimated is based on updated revenue and expenditure data as of (09/09/2012). Significant changes from 2012 Adopted include anticipated carryover from 2011 and anticipated revenue backed omnibus supplemental requests.

<sup>3</sup> 2013 and 2014 revenues and expenditures are based on the following:

Expenditures - incorporate all PSB assumptions for central rates and COLA and employee benefit rates.

Revenues - reflect cost of reimbursements for direct and indirect costs for services provided by programs in the Shared Services Fund.

<sup>4</sup> 2015 and 2016 revenues and expenditures are based on the following:

Expenditures - Assumed to increase by a general inflation rate of 3 percent. In addition, NPDES basin planning is assumed to increase by \$415,000 in 2015, when it is anticipated to be completed. 2016 expenditures are reduced accordingly

Revenues - reflect cost of reimbursements for direct and indirect costs for services provided by programs in the Shared Services Fund.

<sup>5</sup> No underexpenditure is shown on the financial plan as the fund operates on a reimbursement basis.

<sup>6</sup> Reserve is for carryover of 2011 budget authority. All carryover is backed by revenue from external sources. This is included in the 2012 revised revenue amount.

<sup>7</sup> The Shared Services Fund operates on a reimbursement basis. The fund has no minimum fund balance policy

## Water and Resources Division Capital Program Financial Plans

### Fund 3292

#### Surface Water Management CIP Nonbond Subfund

	2011 Actual	2012 Adopted	2012 Revised	2013 Proposed	2014 Proposed	2015 Estimated	2016 Estimated
Beginning Balance	3,753,515	67,387	3,760,219	207,991	209,528	17,273	(0)
Total Revenues (less FB)							
SWM Transfer	4,867,098	4,348,792	4,348,792	4,150,000	4,150,270	4,150,000	4,150,000
Grants/ILA	2,254,134	3,974,000	3,974,000	2,016,000	2,730,000	9,344,000	6,760,000
Contribution KC Agencies	1,247,027	407,964	407,964	3,370,000	400,000	1,250,000	400,000
Bond Proceeds				4,493,600	3,615,000		
Other	56,710						
Total	8,424,969	8,730,756	8,730,756	14,029,600	10,895,270	14,744,000	11,310,000
Equity Adjustment	93,537						
Total Expenditures	(8,511,802)	(8,730,756)	(8,730,756)	(14,028,063)	(11,087,526)	(14,761,273)	(11,310,000)
PY Carryover Revenues (less fund balance)			17,351,459				
PY Carryover Expenditures			(20,903,687)				
Ending Balance	3,760,219	67,387	207,991	209,528	17,273	(0)	(0)

#### Footnotes:

WLR will sell \$11.26M, 15-year bonds in late 2013. The proposed bond sale will fund an additional \$8.1M in stormwater and ecosystem projects in the SWM CIP fund, as well as \$3.155 million in stormwater projects in the road right of way. Debt service and any inter-fund loan interest will be paid out of the operating fund.

### Fund 3392

#### Title III Forestry

	2011 Actual	2012 Adopted	2012 Revised	2013 Proposed	2014 Proposed	2015 Estimated	2016 Estimated
Beginning Balance	162,288		161,493	(0)	(0)	(0)	(0)
Total Revenues (less FB)	121,252	No	-	25,000	-	-	-
Total Expenditures	(121,928)	Budget	(161,493)	(25,000)	-	-	-
Adj Beg Fund Bal/Ret Earnings	(119)	Requested					
Ending Balance	161,493		(0)	(0)	(0)	(0)	(0)

### Fund 3403

#### Urban Reforestation and Habitat Restoration

	2011 Actual	2012 Adopted	2012 Revised	2013 Proposed	2014 Proposed	2015 Estimated	2016 Estimated
Beginning Balance	743,020		725,698	680,184	652,000	652,000	652,000
Total Revenues (less FB)	5,121	No	-	2,000	2,000	2,000	8,000
Total Expenditures	(22,443)	Budget	(45,514)	(30,184)	(2,000)	(2,000)	(2,000)
Equity Adjustments		Requested					
Ending Balance	725,698		680,184	652,000	652,000	652,000	658,000

### Fund 3522

#### Open Space King County Non Bond Fund Subfund

	2011 Actual	2012 Adopted	2012 Revised	2013 Proposed	2014 Proposed	2015 Estimated	2016 Estimated
Beginning Balance	1,270,967	54,027	861,373	42,274	29,831	15,483	15,483
Total Revenues (less FB)	556,294		7,124,725		-	-	-
Total Expenditures	(973,949)	(10,259)	(7,943,824)	(12,443)	(14,348)		
Equity Adjustment	8,061						
Ending Balance	861,373	43,768	42,274	29,831	15,483	15,483	15,483

**Fund 3673****Critical Areas Mitigation Fund**

	2011 Actual	2012 Adopted	2012 Revised	2013 Proposed	2014 Proposed	2015 Estimated	2016 Estimated
Beginning Balance	566,583	8	619,787	8,295	15,497	21,395	21,395
Total Revenues (less FB)	177,220	612,000	1,039,191	3,770,000	1,630,000		
Total Expenditures	(123,523)	(612,008)	(1,650,683)	(3,762,798)	(1,624,102)		
Equity Adjustment	(493)						
Ending Balance	619,787	0	8,295	15,497	21,395	21,395	21,395

**Fund 3691****Transfer of Development Credit Program**

	2011 Actual	2012 Adopted	2012 Revised	2013 Proposed	2014 Proposed	2015 Estimated	2016 Estimated
Beginning Balance	566,575	100,511	452,976	-	75,346	(7,273)	(7,273)
Total Revenues (less FB)	314,525		1,848,776	-			
Total Expenditures	(427,991)	(100,511)	(2,301,752)	216,124	(82,619)		
Equity Adjustment	(133)						
Ending Balance	452,976	0	0	216,124	(7,273)	(7,273)	(7,273)

**Fund 3840****Farmland & Open Space Acquisitions**

	2011 Actual	2012 Adopted	2012 Revised	2013 Proposed	2014 Proposed	2015 Estimated	2016 Estimated
Beginning Balance	1,372,103	189,133	1,346,712	169,223	141,804	110,904	70,904
Total Revenues (less FB)	16,260	5,719	57	-	-	-	-
Total Expenditures	(46,000)	(27,408)	(1,177,546)	(27,419)	(30,900)	(40,000)	(40,000)
Equity Adjustments	4,349						
Cash Transfer From F3842			57,526				
Ending Balance	1,346,712	167,444	169,223	141,804	110,904	70,904	30,904

**2013/2014 Biennial Budget for**

**Surface Water Management Local Drainage Services 1211/A84500**

<b>Code/ Item#</b>	<b>Description</b>	<b>Expenditures</b>	<b>FTEs *</b>	<b>TLTs</b>
<b>FY13</b>				
<b>Adopted Budget</b>				
AD_012	2012 Adopted Budget	22,054,170	97.54	
<b>Adjustments to Adopted Budget</b>				
PF_013	2013 Adjustments to 2012 Adopted Budget	366,044	.46	
<b>Direct Service Changes</b>				
DS_001	New NPDES Requirements	1,176,095		8.27
DS_002	Capital Projects Community Outreach	(34,147)	2.00	
DS_003	Capital Program Expansion	(126,834)		3.70
DS_004	County Roads Drainage Projects	1,000,000		
DS_005	Capital Asset Management Program	300,000		
DS_006	Inflation and Annexation Impacts (Revenue: \$2,668,328)	0		
DS_100	Transfer Vacant Positions to WTD	(112,855)	(1.00)	
DS_101	North Highline Annexation to Burien	(162,957)		
DS_102	Annexation Contracts	11,730		
DS_103	Eastgate Annexation to Bellevue	(33,153)		
DS_108	Bothell Islands Annexation	(89,313)		
DS_110	Community Services Area Program Allocation	53,621		
<b>Central Rate Changes</b>				
CR_005	General Fund Overhead Adjustment	(15,984)		
CR_007	KCIT Operations and Maintenance Charge	(2,795)		
CR_008	KCIT Infrastructure Charge	(87,779)		
CR_010	KCIT Operations and Maintenance Charge	(27,148)		
CR_013	Motor Pool Rate Adjustment	(15,529)		
CR_016	Radio Access	336		
CR_017	Radio Maintenance	144		
CR_019	Radio Reserve Program	48		
CR_020	Prosecuting Attorney Office Civil Division Charge	21,732		
CR_021	Debt Service Adjustment	48,396		
CR_025	Financial Services Charge	(48,620)		
CR_028	Equipment Repair and Replacement	46,302		
CR_033	Long Term General Obligation Debt Insurance	(1,740)		
CR_037	Facilities Management Strategic Initiative Fee	10		
CR_046	Countywide Strategic Technology Projects	(18,543)		
CR_048	Business Resource Center	13,226		
CR_051	KCIT Application Services	290,124		
CR_052	KCIT Workstation Services	313,944		
CR_053	KCIT eGovernment Services	38,976		
CR_057	KCIT Countywide Services	25,380		
CR_058	KCIT Tech Service Rebate	(32,184)		
<b>Technical Adjustments</b>				
TA_001	Technical Adjustments	890,967		

**2013/2014 Biennial Budget for**

**Surface Water Management Local Drainage Services 1211/A84500**

<b>Code/ Item#</b>	<b>Description</b>	<b>Expenditures</b>	<b>FTEs *</b>	<b>TLTs</b>
TA_099	Long Term Lease Rebate	(279,210)		
<b>FY13 Subtotal</b>		<b>25,562,454</b>	<b>99.00</b>	<b>11.97</b>
<b>FY14</b>				
<b>Adjustments to Adopted Budget</b>				
PF_012	2012 Adopted Budget	22,054,170		
PF_014	2013 And 2014 Adjustments to 2012 Adopted Budget	892,612		
<b>Direct Service Changes</b>				
DS_001	New NPDES Requirements	1,195,327		(2.26)
DS_002	Capital Projects Community Outreach	(40,647)		
DS_003	Capital Program Expansion	(187,765)		
DS_005	Capital Asset Maintenance Program	300,000		
DS_006	Inflation and Annexation Impacts (Revenue: \$3,576,370)	0		
DS_100	Transfer Vacant Positions to WTD	(112,855)		
DS_101	North Highline Annexation to Burien	(171,992)		
DS_102	Annexation Contracts	11,730		
DS_103	Eastgate Annexation to Bellevue	(33,583)		
DS_104	Sliver South Park Bridge Annexation to Seattle	(6,652)		
DS_105	Triangle North Highline Annexation	(10,535)		
DS_106	West Hill / Skyline Annexation to Renton	(68,949)		
DS_107	Klahanie Annexation to Issaquah	(55,053)		
DS_108	Bothell Island Annexation	(89,354)		
DS_110	Community Services Administration	57,218		
<b>Central Rate Changes</b>				
CR_099	2014 Central Rate Adjustments	739,409		
<b>Technical Adjustments</b>				
TA_001	Technical Adjustments	104,476	(.25)	
TA_099	Long Term Lease Rebate	(279,210)		
<b>FY14 Subtotal</b>		<b>24,298,347</b>	<b>98.75</b>	<b>9.71</b>
<b>2013/2014 Biennial Budget</b>		<b>49,860,800</b>	<b>99.00</b>	<b>9.71</b>

\* FTEs for the 2013 Budget and 2013/2014 Biennial Budget do not include temporary positions or overtime. The 2013/2014 Biennial Budget reflects the maximum number of FTEs during the biennium.

\*\* The 2013/2014 Biennial Budget reflects the total expenditures for the biennium.

## Surface Water Management (SWM) Local Drainage Services

### ***PROGRAM HIGHLIGHTS***

Surface Water Management is a combination of construction projects, stewardship programs, and maintenance and restoration efforts to protect the health, safety and welfare of King County's waters and lands. It prevents and repairs the effects of surface and stormwater runoff and the problems it creates such as erosion, pollution getting into waterways and changes in water flow and temperature. In order for the division to continue to protect and enhance King County's natural resources, the 2013 / 2014 Proposed Budget proposes a 27 percent increase to the current residential SWM rate from \$133/parcel to \$169/parcel.

The 2013 / 2014 Proposed Budget for SWM Local Drainage Services is \$49.86 million, with 99.00 FTEs and 9.71 TLTs.

### **Adjustments to the Adopted Budget (Pro Forma)**

Adjustments to the 2012 Adopted Budget in 2013 and 2014 Pro Forma include annualization of mid-2012 changes and removal of one-time changes, if any, as well as miscellaneous salary adjustments. Salary adjustments include increases for 3.09 percent COLA for 2013 and 2.00 percent for 2014 and a 1.00 percent increase in the Flex Benefit rate for 2013 from the 2012 rate and a 4.00 percent increase from 2013 for the 2014 rate.

### **Central Rate Changes**

#### **Central Rate Adjustments**

**2013 – \$548,296 Expenditure**

**2014 - \$739,409 Expenditure**

This series of adjustments captures the net effect of countywide charges from the 2012 Adopted Budget to reflect the most current 2013 and 2014 central rate charges. Unlike previous years, it does not include COLA and flex benefits, which are included in the Pro Forma decision package. Details about each rate can be found in the How We Deliver Introduction, beginning on page H-5, and the agency-specific changes are detailed in the central rate section of the agency crosswalk.

### **Direct Services**

#### **New NPDES Requirements**

**2013 - \$1,176,095 Expenditure / \$1,176,095 Revenue / 8.27 TLTs**

**2014 - \$1,195,327 Expenditure / \$1,195,327 Revenue / (2.26) TLTs**

As required by the federal Clean Water Act, the Washington Department of Ecology issues King County an NPDES permit to specify conditions under which the county is allowed to discharge stormwater into state water bodies. Most current NPDES-related tasks and programs will need to be expanded including developing a new GIS-capable mapping database with defined standards, scoping and conducting basin plans for specified areas, and increased inspection and enforcement of private stormwater facility maintenance. This adjustment funds 8.27 TLTs to complete short-term work including mapping, water quality planning, and source control. Additionally, this proposal adds \$278,000 for mapping software, \$52,000 for consulting services for water quality planning support, and \$30,000 for laboratory analysis.

### **Capital Projects Community Outreach**

**2013 – (\$34,147) Expenditure / 2.00 FTEs**

**2014 – (\$40,647) Expenditure**

In 2012, DNRP conducted an independent peer review of the SWM and Flood Control capital programs. One finding from the review was the capital programs' lack of adequate community outreach to provide general communications about restoration and protection strategies and actions, including capital projects. This proposal reflects two new FTEs to expand opportunities to seek input, listen, and respond to citizens. The two FTEs will be "loaned out" to SWM and Flood Control capital projects, such that their salaries, benefits, and associated overhead will be reimbursed by the capital projects the FTEs work on.

### **Capital Program Expansion**

**2013 – (\$126,834) Expenditure / 3.70 TLTs**

**2014 – (\$187,765) Expenditure**

This adjustment reflects the debt service on \$11.26M, 15-year bonds that the County will sell in late 2013, and the staff loaned out to the SWM capital projects. The proposed bond sale will fund an additional \$8.10 million in stormwater and ecosystem projects in the SWM CIP fund, as well as \$3.16 million in stormwater projects in the road right of way. By taking advantage of low interest rates and the County's bond rating, WLRD can significantly advance its capital program without a drastic rate hike. Moreover, the King County Code allows WLRD to continue to collect the portion of the SWM fee allocated to debt service on bonds sold prior to annexations from properties in annexed areas, until the debt is retired, so the County is not vulnerable to a decreasing revenue base when it takes on additional debt (K.C.C. 9.08.020). The 3.70 term-limited staff added to the SWM Fund will be loaned out to the SWM capital projects, such that their salaries, benefits, and associated overhead will be reimbursed by the capital projects the TLTs work on.

### **County Roads Drainage Projects**

**2013 - \$1,000,000 Expenditure / \$1,000,000 Revenue**

The Washington Department of Ecology has issued reports that show many of the toxics polluting Puget Sound come from stormwater running off vehicles and impervious paved and gravel county roads. Some of this runoff is captured in roadside ditches, but a percentage ends up downstream. However, due to unprecedented drops in unincorporated property taxes over the past four years, the county Road Services Division has had to drastically cut back its maintenance and construction of its own drainage facilities in the right of way. To address this, WLRD and the King County Roads Services Division are working together to request \$1 million in new SWM fees, of which \$500,000 will fund increased cleaning and maintenance of catch basins and \$500,000 will fund additional street sweeping of busy intersections in 2013 only. This is in addition to the \$3.16 million of SWM bond proceeds to fund Roads water quality capital projects.

### **Capital Asset Maintenance Program**

**2013 - \$300,000 Expenditure / \$300,000 Revenue**

**2014 - \$300,000 Expenditure / \$300,000 Revenue**

WLRD plans to develop a framework in the coming biennium to more efficiently manage and predict maintenance and capital program demands for the stormwater assets for which WLRD has responsibility. Over the next biennium, the framework technology solution will be scoped and developed with the guidance of the KCIT Project Review Board.

### **Inflation and Annexation Impacts**

**2013 - \$2,668,328 Revenue**

**2014 - \$3,576,370 Revenue**

The 2013 / 2014 Proposed Budget assumes annexations by cities of most of the remaining urban and urbanizing areas in unincorporated King County Potential Annexation Areas (PAAs). In most PAAs, SWM saves \$0.50 of direct expenditures to every \$1 in revenue lost. This adjustment represents new SWM fee revenue from the proposed rate increase that will cover the cost of existing programs, including central support.

**Transfer Vacant Positions to WTD**

**2013 – (\$112,855) Expenditure / (1.00) FTE**

**2014 – (\$112,855) Expenditure**

This adjustment reflects the elimination of one (of a total three) vacant positions in WLRD. WTD, in turn, will add three FTEs to perform critical maintenance functions on WTD facilities and equipment at the South Treatment Plant, which has a backload of required maintenance due to WTD Operations and Maintenance staff performing work on the Flood Control District's Black River Pump Station and facilities. In 2013 / 2014, the Flood Control program will continue to reimburse WTD staff for this work.

**North Highline Annexation to Burien**

**2013 – (\$162,957) Expenditure / (\$1,097,031) Revenue**

**2014 - (\$171,992) Expenditure / (\$1,430,281) Revenue**

This adjustment eliminates resources for local services in the North Highline potential annexation area, including storm drainage inspection and maintenance. Expenditure and revenue estimates are based on an assumed effective annexation date of April 1, 2013.

**Annexation Contracts**

**2013 - \$11,730 Expenditure / \$174,993 Revenue**

**2014 - \$11,730 Expenditure / \$179,643 Revenue**

Burien currently contracts for storm drainage maintenance and billing services with WLRD, and it is assumed that this area will be added to the existing agreement. Bothell contracts for billing services, which are also assumed to continue.

**Eastgate Annexation to Bellevue**

**2013 – (\$33,153) Expenditure / (\$285,586) Revenue**

**2014 – (\$33,583) Expenditure / (\$285,586) Revenue**

This adjustment annualizes the impacts of the Eastgate annexation to Bellevue, including the elimination of services such as storm drainage inspection and maintenance. Annualized expenditure and revenue estimates are based on the effective annexation date of June 1, 2012.

**South Park Bridge Sliver to Seattle**

**2014 – (\$6,652) Expenditure / (\$18,857) Revenue**

This adjustment eliminates resources for local services in the South Park Bridge "sliver" potential annexation area, including storm drainage inspection and maintenance. Expenditure and revenue estimates are based on an assumed effective annexation date of January 1, 2014.

**Triangle North Highline Annexation**

**2014 – (\$10,535) Expenditure / (\$118,384) Revenue**

This adjustment eliminates resources for local services in the Triangle North Highline potential annexation area, including storm drainage inspection and maintenance. Expenditure and revenue estimates are based on an assumed effective annexation date of January 1, 2014.

**West Hill / Skyline Annexation to Renton**

**2014 – (\$68,949) Expenditure / (\$655,287) Revenue**

This adjustment eliminates resources for local services in the West Hill/Skyline potential annexation area, including storm drainage inspection and maintenance. Expenditure and revenue estimates are based on an assumed effective annexation date of April 1, 2014.

### **Klahanie Annexation to Issaquah**

**2014 – (\$55,053) Expenditure / (\$474,592) Revenue**

This adjustment eliminates resources for local services in the Klahanie potential annexation area, including storm drainage inspection and maintenance. Expenditure and revenue estimates are based on an assumed effective annexation date of April 1, 2014.

### **Bothell Islands Annexation**

**2013 – (\$89,313) Expenditure / (\$328,853) Revenue**

**2014 – (\$89,354) Expenditure / (\$328,853) Revenue**

This adjustment annualizes the impacts of the annexation of various unincorporated areas to the City of Bothell, including the elimination of services such as storm drainage inspection and maintenance. Expenditure and revenue estimates are based on an assumed effective annexation date of December 31, 2012.

### **Community Service Area Program Allocation**

**2013 - \$53,621 Expenditure**

**2014 - \$57,218 Expenditure**

This proposed change reflects the WLRD share of the allocation model to fund the implementation of the Community Service Area (CSA) program. The CSA program, adopted by the Council in 2011, replaces the former Unincorporated Area Councils (UAC) approach to fostering community involvement in the unincorporated areas. The CSA program will be funded per the former UAC allocation model of which WLRD is responsible for 16.10 percent.

### **Technical Adjustments**

#### **Technical Adjustments**

**2013 - \$890,967 Expenditure / \$115,875 Revenue**

**2014 - \$104,476 Expenditure / (\$675,968) Revenue / (0.25) FTEs**

This adjustment is technical in nature, including adjusting the transfer to WLRD Shared Services for division overhead and services purchased, loan-in/loan-out labor, business and occupancy (B&O) taxes, and the transfer of SWM fee revenue to the SWM capital program. The one-time reinstatement of federal funds from the Secure Rural Schools Act to fund the Firewise Program in 2013 is also included in this decision package,

#### **Long Term Lease Rebate**

**2013 – (\$279,210)**

**2014 – (\$279,210)**

King County has received a rebate from the owner of the King Street Center and has benefitted from the refinancing of the remaining debt. The 2013 / 2014 budget passes this windfall on to the King Street tenants in the form of a \$7.5 million rent rebate and a \$450,000 capital project to reconfigure space associated with the Road Services proposed consolidation to a single floor in King Street Center. Since this Road Services cost cutting space measure is a relatively recent proposal a 20 percent contingency is included in the \$450,000 project amount budgeted in the Long Term Lease fund. In the proposed budget the rebate has been included as a separate decision package entry to offset the central rate budgeting of 2013 and 2014 lease costs.

**2013/2014 Biennial Proposed Financial Plan  
Surface Water Management Fund / 1211**

	<b>2011 Actual <sup>1</sup></b>	<b>2012 Adopted</b>	<b>2012 Estimated <sup>2</sup></b>	<b>2013 Proposed <sup>3</sup></b>	<b>2014 Proposed <sup>3</sup></b>	<b>2015 Projected <sup>4</sup></b>	<b>2016 Projected <sup>4</sup></b>
Beginning Fund Balance	(77,043)	981,009	1,248,148	1,130,374	1,739,498	1,129,134	1,915,470
<b>Revenues</b>							
SWM Fees	20,895,064	19,849,000	19,920,000	23,281,953	21,608,857	22,985,641	23,084,341
General Fund Transfer	666,230	653,441	653,441	777,299	806,755	830,958	855,886
Other Revenues	2,577,924	1,424,862	1,897,925	1,648,780	824,677	849,417	874,900
	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>24,139,218</b>	<b>21,927,303</b>	<b>22,471,366</b>	<b>25,708,032</b>	<b>23,240,289</b>	<b>24,666,016</b>	<b>24,815,127</b>
<b>Total Biennial Revenues</b>					<b>48,948,321</b>		<b>49,481,143</b>
<b>Expenditures</b>							
Operating Expenditures	(16,292,541)	(15,911,970)	(15,611,970)	(18,541,858)	(17,907,751)	(18,029,984)	(18,985,883)
CIP PAYG	(4,867,098)	(4,350,000)	(4,350,000)	(4,150,000)	(4,150,000)	(4,150,000)	(4,150,000)
County Road SWM Maintenance				(1,000,000)			
CIP Debt Service	(1,654,388)	(1,792,000)	(1,792,200)	(1,870,596)	(2,240,596)	(2,240,596)	(2,240,596)
Encumbrance Resinstate ments			(115,612)				
1st Qtr Omnibus			(6,560)				
2nd Qtr Omnibus			(562,798)				
Anticipated Omnibus Request	-	-	(150,000)	-	-	-	-
<b>Total Expenditures</b>	<b>(22,814,027)</b>	<b>(22,053,970)</b>	<b>(22,589,140)</b>	<b>(25,562,454)</b>	<b>(24,298,347)</b>	<b>(24,420,580)</b>	<b>(25,376,479)</b>
<b>Total Biennial Expenditures</b>					<b>(49,860,801)</b>		<b>(49,797,059)</b>
Estimated Underexpenditures <sup>5</sup>		350,000	-	463,546	447,694	540,900	569,576
<b>Other Fund Transactions</b>							
GAAP Adjustment	-	-	-	-	-	-	-
<b>Total Other Fund Transactions</b>	-	-	-	-	-	-	-
<b>Total Biennial Other Fund Transactions</b>					-		-
<b>Ending Fund Balance</b>	<b>1,248,148</b>	<b>1,204,342</b>	<b>1,130,374</b>	<b>1,739,498</b>	<b>1,129,134</b>	<b>1,915,470</b>	<b>1,923,695</b>
<b>Reserves</b>							
Expenditure Reserves							
Reserve for Carryover <sup>6</sup>	(115,612)	-		-	-	-	-
Rainy Day Reserve @ 5% of SWM Fee Revenue	(1,044,753)	(992,450)	(992,450)				
Rainy Day Reserve @ 30 days of SWM Fee Revenue	-	-	-	(1,940,163)	(1,800,738)	(1,915,470)	(1,923,695)
<b>Total Reserves</b>	<b>(1,160,365)</b>	<b>(992,450)</b>	<b>(992,450)</b>	<b>(1,940,163)</b>	<b>(1,800,738)</b>	<b>(1,915,470)</b>	<b>(1,923,695)</b>
Reserve Shortfall <sup>7</sup>	-	-	-	200,664	671,604	(0)	0
<b>Ending Undesignated Fund Balance</b>	<b>87,783</b>	<b>211,892</b>	<b>137,924</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Financial Plan Notes:**

<sup>1</sup> 2011 Actuals are based on 2011 Preliminary CAFR

<sup>2</sup> 2012 Estimated is based on updated revenue and expenditure data as of (09/07/12). Significant changes from 2012 Adopted include:

SWM Revenues - estimate based upon revised billings and Eastgate annexation to Bellevue.

Other Revenues - adjusted for revenue backed portions of encumbrance carryover and Omnibus supplementals.

Operating Expenditures - adjusted to reflect anticipated operating program underexpenditures and omnibus supplementals.

<sup>3</sup> 2013 and 2014 revenues and expenditures include the following assumptions:

SWM Revenues - estimates reflect anticipated SWM revenues from a 27% SWM rate increase in Executive Proposed Budget

Also includes anticipated annexations in both 2013 and 2014, consistent with PSB budget instructions direction.

General Fund and Other Revenues - figures are based on costs to reimburse SWM fund for services provided.

Operating Expenditures - figures incorporate costs to maintain current SWM program consistent with central county salary and benefit increases and central rate assumptions.

Expenditures also includes costs for full NPDES permit compliance and a one-time reimbursement to Roads for maintenance and sweeping.

Capital Transfers & Debt Service - CIP Pay-As-You-Go (PAYG) reflects cost of projects proposed in CIP program. Debt service reflects interfund borrowing expense for CIP expansion in 2013, and interest only debt service in 2014, in addition to existing debt service.

<sup>4</sup> 2015 and 2016 revenues and expenditures include the following assumptions:

SWM Revenues - estimates reflect revenue requirement to support anticipated program costs through 2016.

2015 SWM revenue includes final annualization of annexations from 2014. No further annexations included in 2016.

General Fund and Other Revenues - figures are based on costs to reimburse SWM fund for services provided.

Operating Expenditures - figures incorporate costs to maintain current SWM program consistent with central county salary and benefit increases and central rate assumptions.

For 2015 Basin Planning costs are assumed to increase by \$415,000. Activity is expected to be completed at end of 2015 and expenditure is reduced accordingly.

<sup>5</sup> Estimated underexpenditures in 2013 - 15 assume a 2.5 percent underexpenditure on operating expenses only. Actual underexpenditures may vary. This value is not included in the budget request.

<sup>6</sup> Reserve is for carryover of 2011 budget authority. Of this amount, \$13,265 is backed by revenue from external sources. This is included in the 2012 revised revenue.

<sup>7</sup> The reserve shortfall is anticipated to be addressed in mid-biennial adjustments.

## SWM Capital Improvement Program

Water and Land Resources capital projects are drawn from regionally adopted salmon recovery plans, national and regional mandated water quality regulation (NPDES), the County's acquisition strategy, and other local planning documents and processes. The SWM capital program has two distinct business operations; Stormwater Services and Ecological Services. The primary funding sources are SWM fees transferred from the operating fund, state and federal grants (including King Conservation District grants) and inter-local agreements. Over the next biennium, WLRD will significantly expand its capital construction program through its annual cash ("pay as you go") transfer and selling a fifteen-year, \$11.26 million bond. Of the \$11.26 million, \$8.10 million will be used for SWM CIP projects and \$3.16 million for Road Services Division CIP projects that provide water quality benefits.

The proposed capital budget includes \$24.91 million over the 2013 / 2014 biennium.

### Stormwater Services / Public Safety

The Stormwater Services Section is responsible for public safety, stormwater, and drainage capital improvement projects such as repairing, improving, or constructing new facilities to control stormwater runoff and pollution, relieving drainage problems affecting residential areas and agricultural fields, and responding to emergency problems / situations. Projects managed by the Stormwater Services section preserve public safety and protect property from flooding, erosion, adverse water quality, or the deterioration of stormwater facilities designed to prevent such events. Stormwater Services capital projects are funded by \$4.24 million of SWM fee revenues, \$3.80 million of the proposed bond sale proceeds, and \$1.70 million from grants and inter-local agreements.

### Ecological Services and Habitat Restoration

The Rural and Regional Services section is responsible for projects with a ecological and habitat restoration focus. Capital projects are authorized based on ecological criteria, urgency, readiness and effectiveness for recovery of endangered salmon and other critical watershed functions. These projects collectively protect or restore aquatic ecosystems in King County across Water Resource Inventory Areas (WRIA). Ecosystem capital projects are funded in part by \$3.84 million of SWM fee revenues, \$3.80 million of the proposed bond sale proceeds, and \$6.82 million from grants and inter-local agreements.

Master Projects	Base <sup>1</sup>	Bond	Total
<b>Stormwater Services</b>			
Public Safety and Protection	\$5,347,575	<b>\$3,440,000</b>	\$8,787,575
Agricultural Drainage Assistance Program	(\$3,703)	<b>\$150,000</b>	\$146,297
Neighborhood Drainage Assistance Program	\$255,000	<b>\$210,000</b>	\$465,000
Greenbridge Hope VI Cost Share	\$91,898	-	\$91,898
Des Moines Creek Basin	\$100,000	-	\$100,000
Stewardship Water Quality Cost Share	\$150,000	-	\$150,000
Stormwater Services Subtotal	\$5,940,770	<b>\$3,800,000</b>	\$9,740,770

<b>Ecosystem Restoration</b>			
WRIA 7 Ecosystem Restoration	\$2,354,635	\$1,307,850	\$3,662,485
WRIA 8 Ecosystem Restoration	\$2,434,000	\$150,000	\$2,584,000
WRIA 9 Ecosystem Restoration	\$3,443,885	\$566,045	\$4,009,930
WRIA 10 Ecosystem Restoration	\$101,000	\$100,000	\$201,000
Vashon Ecosystem Restoration	\$360,000	\$236,105	\$596,105
Ecosystem Restore and Protect	\$937,250	\$1,135,000	\$2,072,250
Monitoring and Maintenance	\$550,000	-	\$550,000
Small Habitat Restoration	\$480,000	\$305,000	\$785,000
Ecosystem Subtotal	\$10,660,770	<b>\$3,800,000</b>	\$14,460,770
<b>Other</b>			
F3292 Capital Project Oversight	\$15,000	-	\$15,000
F3292 Central Costs	\$188,699	-	\$188,699
Third Burden Rate Impact	-	\$400,000	\$400,000
NPDES Mitigation Project	-	\$108,600	\$108,600
Other Subtotal	\$203,699	<b>\$508,600</b>	\$712,299
<b>Grand Total - SWM Capital Fund 3292</b>	<b>\$16,805,239</b>	<b>\$8,108,600</b>	<b>\$24,913,839</b>

<sup>1</sup> The Base capital program is funded by SWM Fee "pay as you go", grants, and agreements with local jurisdictions.

## **Conservation Futures Capital Improvement Program**

Conservation Futures Tax (CFT) levy funds are collected from property taxes levied in King County and dedicated to acquisition of urban and rural open space. King County established the Conservation Futures Citizens Committee to make annual recommendations for project funding allocations, based on their review of project applications and site visits. The King County Conservation Futures Citizens' Committee reviews the applications for CFT funding along with applications from cities in King County. The Committee provides a workshop for prospective applicants, conducts field trips to all of the applicant sites, and reviews the applications in accordance with the Conservation Futures criteria. Finally, the Committee recommends a funding package of urban and rural open space projects for consideration by the King County Executive and Council in the adoption of the King County annual budget.

This year, the Citizens' Committee made recommendations to fund a total of \$9.49 million of projects throughout King County in 2013. Of the total allocation, \$5.17 million supports 13 Water and Land Resource Division (WLRD) acquisition projects. The remaining \$4.32 million of funds are for projects in cities in King County. CFT funds require matching funds from the recipient jurisdiction. While the CFT capital fund is a biennial budget, the 2013 / 2014 Proposed Budget only identifies specific acquisition projects in 2013. When the Citizens' Committee creates its recommended list for 2014, the County Executive will transmit a supplemental ordinance spreading the 2014 Adopted CFT budget to specific projects as a part of a mid-biennial review.

Examples of projects in the capital request include:

### **White River Forest**

#### **2013 - \$1,750,000**

Conservation Futures Tax Citizens Oversight Committee (CFT) has recommended an allocation of \$3 million to serve as seed money to support acquisition of a conservation easement over the King County portion of the White River Tree Farm. The remaining \$1.25 million would come from the Parks capital levy.

### **Smith Cove Park Addition**

#### **2013 - \$900,000**

This is a 3.8 acre addition to Smith Cove Park on Puget Sound in the Magnolia community. The City of Seattle is working with the Port of Seattle and King County to purchase this property.

### **Snoqualmie Valley Trail Missing Link Addition**

#### **2013 - \$266,000**

This is an acquisition of a missing link trail segment near Snoqualmie. This property is available for sale with a willing seller.

**Fund 3151 Conservation Futures Financial Plan**

	2011 Actual (A)	2012 Adopted	2012 Revised	2013 Proposed	2014 Proposed	2015 Estimated	2016 Estimated	2017 Estimated	2018 Estimated
<b>Beginning Fund Balance</b>	<b>5,398,421</b>	<b>(986,783)</b>	<b>(1,015,078)</b>	<b>195,973</b>	<b>243,834</b>	<b>277,369</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>
<b>Revenues</b>									
<b>CF Levy Fund 3151 (showing % increase from prior year)</b>	2.1%	0.4%	1.4%	1.8%	1.8%	1.8%	1.8%	1.8%	1.9%
Conservation Futures Tax Levy <sup>B</sup>	17,005,503	17,081,456	17,242,614	17,547,471	17,868,252	18,188,721	18,514,697	18,852,864	19,203,712
Less Debt Service <sup>C</sup>									
* 2003B LTGO Refunding (Treemont 80%-Acquisition)	(532,614)	(530,874)	(329,640)	(333,840)	(349,840)	(361,840)	(377,840)	(393,840)	(413,840)
* 2005A LTGO Refunding 93B	(3,067,250)	(3,015,000)	(3,062,750)	(3,073,250)	(2,982,750)	(2,991,000)	(2,993,000)	(2,998,750)	(2,997,750)
* 2007D LTGO-(2006B BAN-OS, Forestry/Juanita Woodlands, Nearshore Initiative	(2,672,531)	(2,647,431)	(2,672,331)	(2,670,131)	(2,670,931)	(2,670,431)	(2,671,431)	(2,668,681)	(2,671,444)
* 2009C Ref 93B LTGO- 1993B Various Purpose BI #1173-CFT	(742,511)	(742,510)	(742,450)	(742,450)	(742,450)	(742,450)	(742,450)	(742,450)	(742,450)
* 2011D LTGO Maury Gravel Mine Bond		(1,415,249)	(1,243,653)	(1,245,874)	(1,244,474)	(1,247,424)	(1,244,624)	(1,246,224)	(1,245,124)
* Fund 8400 Central Finance Debt Service Adjustment	(18,528)								
Total Debt Service Transfer (Central Finance)	(7,033,434)	(8,351,064)	(8,050,824)	(8,065,545)	(7,990,445)	(8,013,145)	(8,029,345)	(8,049,945)	(8,070,608)
<b>Conservation Futures Tax Net of Debt Service</b>	<b>9,972,069</b>	<b>8,730,392</b>	<b>9,191,790</b>	<b>9,481,926</b>	<b>9,877,807</b>	<b>10,175,576</b>	<b>10,485,352</b>	<b>10,802,919</b>	<b>11,133,104</b>
Interest Income <sup>D</sup>	9,893	542,000	54,870	54,870	54,870	54,870	244,590	402,690	525,450
Other Misc Taxes and Revenue <sup>E</sup>	188,100								
Unrealized Loss-Impaired Investments	61,127								
Donations (Maury Is Acq Preserve Our Islands/Cascade Land Conservancy)	611,505								
Bond Proceeds (Maury Gravel mine)	18,664,637								
<b>Subtotal Revenues Net of Debt Service, Levy Fund 3151</b>	<b>29,507,330</b>	<b>9,272,392</b>	<b>9,246,660</b>	<b>9,536,796</b>	<b>9,932,677</b>	<b>10,230,446</b>	<b>10,729,942</b>	<b>11,205,609</b>	<b>11,658,554</b>
Total Debt Service	7,014,906	8,351,064	8,050,824	8,065,545	7,990,445	8,013,145	8,029,345	8,049,945	8,070,608
Conservation Futures Tax Levy	17,005,503	17,081,456	17,242,614	17,547,471	17,868,252	18,188,721	18,514,697	18,852,864	19,203,712
<b>Debt Service as a percentage of Levy Revenue:</b>	<b>41.3%</b>	<b>48.9%</b>	<b>46.7%</b>	<b>46.0%</b>	<b>44.7%</b>	<b>44.1%</b>	<b>43.4%</b>	<b>42.7%</b>	<b>42.0%</b>
<b>Total Revenues Net of Debt Service</b>	<b>29,507,330</b>	<b>9,272,392</b>	<b>9,246,660</b>	<b>9,536,796</b>	<b>9,932,677</b>	<b>10,230,446</b>	<b>10,729,942</b>	<b>11,205,609</b>	<b>11,658,554</b>
<b>Expenditures</b>									
Central Finance Department Fund Charge	(27,155)	(48,384)	(48,384)	(37,780)	(36,406)	(50,803)	(53,343)	(56,010)	(58,811)
CFT Program Support	(132,167)	(148,716)	(148,716)	(153,026)	(160,689)				
TDR Program Support	(79,185)	(73,509)	(73,509)	(79,353)	(83,313)				
Interest Expense	(3,874)								
King County Allocation	(5,347,536)								
Other Misc Exp <sup>G</sup>	(1,860)								
Seattle Projects	(6,600,000)								
Suburban Cities Projects	(3,363,589)								
Citizen Oversight Committee Annual Allocation		(7,765,000)	(7,765,000)	(9,218,776)	(9,618,734)	(10,207,012)	(10,676,599)	(11,149,599)	(11,599,744)
CIP Carryover from Prior Year	(20,365,464)								
<b>Subtotal Expenditures, Levy Fund 3151</b>	<b>(35,920,830)</b>	<b>(8,035,609)</b>	<b>(8,035,609)</b>	<b>(9,488,935)</b>	<b>(9,899,142)</b>	<b>(10,257,815)</b>	<b>(10,729,942)</b>	<b>(11,205,609)</b>	<b>(11,658,554)</b>
<b>Total Expenditures</b>	<b>(35,920,830)</b>	<b>(8,035,609)</b>	<b>(8,035,609)</b>	<b>(9,488,935)</b>	<b>(9,899,142)</b>	<b>(10,257,815)</b>	<b>(10,729,942)</b>	<b>(11,205,609)</b>	<b>(11,658,554)</b>
<b>Ending Fund Balance Before Reserve for Debt Svc Adjustmts</b>	<b>(1,015,078)</b>	<b>250,000</b>	<b>195,973</b>	<b>243,834</b>	<b>277,369</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>	<b>250,000</b>
<b>Reserve for Debt Service Adjustment</b>	<b>(250,000)</b>	<b>(250,000)</b>	<b>(195,973)</b>	<b>(243,834)</b>	<b>(273,001)</b>	<b>(250,000)</b>	<b>(250,000)</b>	<b>(250,000)</b>	<b>(250,000)</b>
<b>Ending Fund Balance</b>	<b>(1,265,078)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>4,368</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Assumptions:**
<sup>A</sup> Actuals from ARMS financial system

<sup>B</sup> Conservation Futures Levy Projections from the August OEFA property tax forecast.

<sup>C</sup> Debt Service: Debt service schedule provided by King County Finance.

<sup>D</sup> Interest Income: Investment Pool Rate of Return Forecast (8/2012) rates provided by PSB - 2012: 0.45%; 2013: 0.35%; 2014: 0.35%; 2015: 0.45%; 2016: 1.32%; 2017: 2.11%; 2018: 2.78%. 0.0005% Administrative / Cash Management Fee assumed for each year (Treasury Investment Pool Adm Rate) applied to average daily balance of \$18,600,000.

<sup>E</sup> Includes Advalorem Tax Refunds, Sale of Tax Title Property, Private Timber Harvest Tax, Leasehold Excise Tax, Payment in Lieu of Taxes, Interest Rebate, and Ext L-T Space/Facilities Rent, Timber Sales-First Brd Yld, Proceeds from Sale of Land.

<sup>F</sup> Expected amount of bond proceeds including interest from the Maury Island acquisition

<sup>G</sup> Misc Exp: Business Resource DP Svcs acct: 55349

**2013/2014 Biennial Budget for**

**Noxious Weed Control Program 1311/A38400**

<b>Code/ Item#</b>	<b>Description</b>	<b>Expenditures</b>	<b>FTEs *</b>	<b>TLTs</b>
<b>FY13</b>				
<b>Adopted Budget</b>				
AD_012	2012 Adopted Budget	1,861,772	12.84	
<b>Adjustments to Adopted Budget</b>				
PF_013	2013 Adjustments to 2012 Adopted Budget	(35,153)	(.01)	
<b>Central Rate Changes</b>				
CR_005	General Fund Overhead Adjustment	2,934		
CR_007	KCIT Operations and Maintenance Charge	(368)		
CR_008	KCIT Infrastructure Charge	(11,555)		
CR_010	KCIT Operations and Maintenance Charge	(3,574)		
CR_013	Motor Pool Rate Adjustment	(32,266)		
CR_021	Debt Service Adjustment	9,288		
CR_025	Financial Services Charge	(543)		
CR_037	Facilities Management Strategic Initiative Fee	4		
CR_046	Countywide Strategic Technology Projects	(2,357)		
CR_048	Business Resource Center	729		
CR_052	KCIT Workstation Services	38,712		
CR_053	KCIT eGovernment Services	16,236		
CR_057	KCIT Countywide Services	3,324		
CR_058	KCIT Tech Service Rebate	(4,172)		
<b>Technical Adjustments</b>				
TA_001	Technical Adjustments	203,089		
TA_099	Long Term Lease Rebate	(24,313)		
<b>FY13 Subtotal</b>		<b>2,021,787</b>	<b>12.83</b>	<b>0.00</b>
<b>FY14</b>				
<b>Adjustments to Adopted Budget</b>				
PF_012	2012 Adopted Budget	1,861,772		
PF_014	2013 And 2014 Adjustments to 2012 Adopted Budget	(3,557)		
<b>Central Rate Changes</b>				
CR_099	2014 Central Rate Adjustments	26,028		
<b>Technical Adjustments</b>				
TA_001	Technical Adjustments	237,751		
TA_099	Long Term Lease Rebate	(24,313)		
<b>FY14 Subtotal</b>		<b>2,097,681</b>	<b>12.83</b>	<b>0.00</b>
<b>2013/2014 Biennial Budget</b>		<b>4,119,469</b>	<b>12.83</b>	<b>0.00</b>

\* FTEs for the 2013 Budget and 2013/2014 Biennial Budget do not include temporary positions or overtime. The 2013/2014 Biennial Budget reflects the maximum number of FTEs during the biennium.

\*\* The 2013/2014 Biennial Budget reflects the total expenditures for the biennium.

## **Noxious Weeds Control Program**

### ***PROGRAM HIGHLIGHTS***

The King County Noxious Weed Control Program focuses on education, prevention, technical assistance and control of noxious weeds through voluntary compliance. Once an infestation is identified, the landowner is given a variety of options, including hand pulling, mowing or cutting, advice on better pasture management, and using the most effective and least harmful methods of applying herbicides. King County agencies are notified of and are required to control noxious weed infestations, much the same way private landowners are notified. The 2013 / 2014 Proposed Budget for this program is \$4.19 million, with 12.83 FTEs.

### **Adjustments to the Adopted Budget (Pro Forma)**

Adjustments to the 2012 Adopted Budget in 2013 and 2014 Pro Forma include annualization of mid-2012 changes and removal of one-time changes, if any, as well as miscellaneous salary adjustments. Salary adjustments include increases for 3.09 percent COLA for 2013 and 2.00 percent for 2014 and a 1.00 percent increase in the Flex Benefit rate for 2013 from the 2012 rate and a 4.00 percent increase from 2013 for the 2014 rate.

### **Central Rate Changes**

#### **Central Rate Adjustments**

**2013 - \$16,392 Expenditure**

**2014 - \$26,028 Expenditure**

This series of adjustments captures the net effect of countywide charges from the 2012 Adopted Budget to reflect the most current 2013 and 2014 central rate charges. Unlike previous years, it does not include COLA and flex benefits, which are included in the Pro Forma decision package. Details about each rate can be found in the How We Deliver Introduction, beginning on page H-5, and the agency-specific changes are detailed in the central rate section of the agency crosswalk.

### **Technical Adjustments**

#### **Technical Adjustment**

**2013 - \$203,089 Expenditure / \$146,216 Revenue**

**2014 - \$237,751 Expenditure / (\$38,776) Revenue**

The Noxious Weed Control Program is maintaining existing programs and service levels in 2013 and 2014 within its current rate. This adjustment increases loan-out labor, and reduces budget for equipment purchases and furniture.

**Long Term Lease Rebate**

**2013 – (\$24,313)**

**2014 – (\$24,313)**

King County has received a rebate from the owner of the King Street Center and has benefitted from the refinancing of the remaining debt. The 2013 / 2014 budget passes this windfall on to the King Street tenants in the form of a \$7.5 million rent rebate and a \$450,000 capital project to reconfigure space associated with the Road Services proposed consolidation to a single floor in King Street Center. Since this Road Services cost cutting space measure is a relatively recent proposal a 20 percent contingency is included in the \$450,000 project amount budgeted in the Long Term Lease fund. In the proposed budget the rebate has been included as a separate decision package entry to offset the central rate budgeting of 2013 and 2014 lease costs.

**2013/2014 Biennial Proposed Financial Plan  
Noxious Weed Fund / 1311**

	<b>2011 Actual <sup>1</sup></b>	<b>2012 Adopted</b>	<b>2012 Estimated <sup>2</sup></b>	<b>2013 Proposed</b>	<b>2014 Proposed <sup>3</sup></b>	<b>2015 Projected <sup>4</sup></b>	<b>2016 Projected <sup>4</sup></b>
Beginning Fund Balance	708,722	815,693	815,693	842,961	883,297	668,818	402,467
<b>Revenues</b>							
Noxious Weed Fee	1,507,681	1,536,408	1,536,408	1,551,772	1,567,290	1,582,963	1,691,180
Interest Income	5,475	5,895	5,895	4,400	4,500	4,500	4,500
Grants	215,243	211,861	211,861	344,208	143,598	143,598	143,598
<b>Total Revenues</b>	<b>1,728,399</b>	<b>1,754,164</b>	<b>1,754,164</b>	<b>1,900,380</b>	<b>1,715,388</b>	<b>1,731,061</b>	<b>1,839,278</b>
<b>Total Biennial Revenues</b>					<b>3,615,768</b>		<b>3,570,338</b>
<b>Expenditures</b>							
Operating Expenditures	(1,621,428)	(1,861,772)	(1,861,772)	(2,021,787)	(2,097,681)	(2,171,100)	(2,247,088)
Encumbrance Reinstatements	-	-	(15,289)	-	-	-	-
<b>Total Expenditures</b>	<b>(1,621,428)</b>	<b>(1,861,772)</b>	<b>(1,877,061)</b>	<b>(2,021,787)</b>	<b>(2,097,681)</b>	<b>(2,171,100)</b>	<b>(2,247,088)</b>
<b>Total Biennial Expenditures</b>					<b>(4,119,468)</b>		<b>(4,418,188)</b>
Estimated Underexpenditures <sup>5</sup>			150,165	161,743	167,814	173,688	179,767
<b>Other Fund Transactions</b>							
GAAP Adjustment	-	-	-	-	-	-	-
<b>Total Other Fund Transactions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Biennial Other Fund Transactions</b>					<b>-</b>		<b>-</b>
<b>Ending Fund Balance</b>	<b>815,693</b>	<b>708,085</b>	<b>842,961</b>	<b>883,297</b>	<b>668,818</b>	<b>402,467</b>	<b>174,424</b>
<b>Reserves</b>							
Reserve for Carryover							
Encumbrances for Contracts <sup>6</sup>	(15,289)	-	-	-	-	-	-
GAAP Adjustment <sup>7</sup>	(1,847)	-	-	-	-	-	-
Mandated & Rate Stabilization Reserves							
Rate Stabilization Reserve <sup>8</sup>	(647,789)	(554,444)	(689,320)	(714,815)	(494,012)	(221,542)	
Rainy Day Reserve @ 10% of estimated revenues	(150,768)	(153,641)	(153,641)				
Rainy Day Reserve @ 30 days of expenditures <sup>9</sup>				(168,482)	(174,807)	(180,925)	(187,257)
Total Reserves	(815,693)	(708,085)	(842,961)	(883,297)	(668,819)	(402,467)	(187,257)
Reserve Shortfall	-	-	-	-	-	-	12,834
<b>Ending Undesignated Fund Balance</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>

**Financial Plan Notes:**

<sup>1</sup> 2011 Actuals are based on 2011 CAFR.

<sup>2</sup> 2012 Estimated is based on updated revenue and expenditure data as of 08/31/12. There are no significant changes from 2012 Adopted.

<sup>3</sup> 2014 revenues and expenditures include the following inflation assumptions, except where noted: Inflation based on FBOD benefits and central rate assumptions. Other expenditures increased by 3.5%; Fee Revenues increased by 1% based on assumed parcel growth; other grant funds increased based on anticipated awards.

<sup>4</sup> 2015 and 2016 revenues and expenditures include the following inflation assumptions, except where noted: 3.5% increase in expenditures; 1% increase in Noxious Weed Fee revenues based on assumed parcel growth in 2015. In 2016 it is assumed that there will be a need for a rate increase of at least 5%.

<sup>5</sup> Estimated underexpenditures are predicted at 8% based on previous years underexpenditures. Actual underexpenditures will vary. This value is not included in the budget system.

<sup>6</sup> Encumbrances for contracts are used to cover contracts carried over from 2011 to 2012.

<sup>7</sup> GAAP adjustment is necessary to balance to 2011 CAFR numbers.

<sup>8</sup> The rate adopted in 2008 assumed a rate increase would be necessary in 2012. However, a rate increase is not expected to be needed until the next biennium. The Noxious Weed Fund will use the Rate Stabilization Reserve to support this plan.

<sup>9</sup> In 2013, PSB created new comprehensive financial guidelines for King County, including rainy day reserves.

## WASTEWATER TREATMENT DIVISION

### **Mission:**

#### **Wastewater Treatment Division**

To protect public health and  
enhance the environment by  
treating and reclaiming water,  
recycling solids, and generating  
energy

### **OVERVIEW**

The Wastewater Treatment Division (WTD) provides wastewater treatment for 17 cities, 16 sewer districts, and 1 tribe in the central Puget Sound region. It treats wastewater for nearly 1.5 million residents of King County and parts of Pierce and Snohomish counties, including maintaining and operating the equipment and facilities that collect and treat wastewater before it is reused or released into Puget Sound.

The division's financing is generated primarily through customer charges including use charges on residential and commercial customers and capacity charges on new sewer connections. The King County Council via Ordinance 16858 adopted a 2013 sewer rate of \$39.79 in June 2012, with the stated intention of maintaining this rate for two years.

The WTD furthers the King County Strategic Plan's (KCSP) Environmental Sustainability Goal. The division does this by reducing pollution at its source, collaborating to restore Puget Sound, and collaborating on environmental remediation of polluted sites, thereby implementing strategy 1.d. "Protect water quality through reducing pollution at its source, wastewater treatment, low impact development practices, and stormwater management." WTD also uses environmentally sound practices in the operation of its facilities by incorporating sustainable practices into the design and construction of its new facilities by participating in countywide energy conservation efforts and by creating resources from the waste products of its processes, most notably use of biosolids as soil amendment, use of reclaimed water, and conversion of methane gas to an energy source. This work also advances the Health and Human Potential Goal strategy 2.a. "Ensure the safety of food, air, and water." The division not only provides clean water infrastructure today, but plans and builds for the future with 2012 being the first full year of operations at the new Brightwater Treatment Facility, enabling environmentally sustainable economic growth in the region. Wastewater treatment operations as well as a large capital improvement program provide hundreds of living wage job opportunities and investment in the local economy.

### **2013 / 2014 Key Issues**

The key issues facing WTD over the next biennium include implementing a new sewer rate, increasing water quality monitoring operations, and operating the Brightwater Treatment Plant (Brightwater) year round.

#### ***New Rate***

WTD is increasing the monthly sewer rate from \$36.10 to \$39.79 over the 2013 / 2014 period. The main driver of this increase in the rate is debt service including closeout payments associated with the construction of Brightwater. Other impacts causing the rate increase include higher operating expenses due to more chemical usage and higher costs, an increase in central rates, and an increase in labor costs. Some items that help offset the increase include a reduction for electricity and legal fees, an increase in revenue from increased capacity charge customers, and the use of the rate stabilization reserve.

### *Water Quality Monitoring*

Proviso 2 in the 2012 Budget Ordinance, Ordinance 17232, Section 100, asked for a report describing the water quality monitoring program in WTD. An outcome from this proviso response was WTD adding \$240,000 in water quality monitoring to improve its understanding of two emerging issues for Puget Sound recovery and the regulatory environment for wastewater treatment: the effects of nutrient loading from wastewater discharges and emerging contaminants. Funding for these priorities is reflected in the two-year sewer rate proposed for 2013 / 2014. WTD is not restoring water quality activities reduced in 2008 through 2011 as indicated in the proviso response.

### *Brightwater*

The Brightwater Treatment Plant has been in operation since fall 2011. Due to ongoing conveyance issues this year, 2013 will be the first year of normal operations. This short history makes it difficult to budget accurately as there isn't a history of expenditures from which to base assumptions and forecasts. This can be seen in some of the decision packages below, especially those related to chemical and utility usage. Despite some of the uncertainty around operations at the plant, WTD will continue to operate Brightwater without an increase in budgeted staffing levels.

### **Executive Priorities Considered in 2013 / 2014 Business Planning and Budget Development**

The Executive's 2013 / 2014 priorities to advance the King County Strategic Plan and inform the 2013 / 2014 Proposed Budget spotlighted consideration of Equity and Social Justice; attainment of a 3 percent efficiency target while maintaining value and service levels; energy investment; and KCSP alignment of agency goals, objectives, and services.

- ***Equity and Social Justice:*** WTD maintains, builds, and operates facilities in close proximity to county residents and workers; thus it is critical to ensure that no populations are disproportionately impacted by the division's operations or capital improvement program. WTD employs extensive mitigation with all projects to reduce impacts and enhance the community that hosts the project. Public project mitigation can include a range of items such as transportation improvements, sound walls at construction sites, developing and enhancing wetlands and wildlife habitat, and / or creating open space and trails. Mitigation efforts also include investments in odor control, storm water treatment, basic landscaping, and public art.
- WTD has a long-standing commitment towards public involvement, community outreach, and education. WTD actively uses the King County Translation Policy and uses multiple forms of communication to foster a two-way dialog with its customers. In addition to outreach to the public, WTD actively seeks a diverse workforce and participates in the Regional Contracting Forum, designed to provide small, minority, women, and veteran-owned businesses direct access to regional contracting representatives.
- ***3 Percent Efficiency:*** WTD identified several areas in which it will achieve efficiencies in its 2013 / 2014 budget including identifying nearly \$500,000 in cost savings related to operations and another \$180,000 in underexpenditures. Some of the major items associated with these efficiencies are described in the narratives for the decision packages below. Other efficiencies not included in these decision packages include \$60,000 in savings from consolidating IT servers from the plants to the King County Data Center and numerous operational changes that have resulted in productivity improvement and cost avoidance measures that do not show up in the budget.
- ***Energy Investment:*** Two important components of WTD's efforts in regards to energy investment include implementing projects that convert waste to energy and focusing on energy conservation. The West Point plant will commission a cogeneration project in 2013 that will convert digester gas created during the treatment process into energy the plant can use for operations. WTD is conducting several energy audits of its facilities and develops and implements action plans based on these reviews. Many of these audits lead to more energy efficient projects in the capital program.

**2013/2014 Biennial Budget for  
Wastewater Treatment 4610/A46100**

Code/	Item#	Description	Expenditures	FTEs *	TLTs
<b>FY13</b>					
<b>Adopted Budget</b>					
AD_012		2012 Adopted Budget	116,620,203	585.70	8.75
<b>Adjustments to Adopted Budget</b>					
PF_013		2013 Adjustments to 2012 Adopted Budget	3,635,084	3.55	(5.75)
<b>Direct Service Changes</b>					
DS_100		Water and Land Resources Division FTE Transfers	241,050	3.00	
<b>Administrative Service Changes</b>					
AC_300		3 Percent Efficiencies	(416,127)		
AC_301		Underexpenditures	(179,308)		
<b>Central Rate Changes</b>					
CR_005		General Fund Overhead Adjustment	791,502		
CR_007		KCIT Operations and Maintenance Charge	(212,645)		
CR_008		KCIT Infrastructure Charge	(821,001)		
CR_010		KCIT Operations and Maintenance Charge	(170,465)		
CR_011		KCIT Telecommunications Services	41,364		
CR_012		KCIT Telecommunications Overhead	(12,336)		
CR_013		Motor Pool Rate Adjustment	(4,891)		
CR_015		Insurance Charges	(182,700)		
CR_016		Radio Access	1,848		
CR_017		Radio Maintenance	1,164		
CR_018		Radio Direct Charges	180		
CR_019		Radio Reserve Program	36		
CR_020		Prosecuting Attorney Office Civil Division Charge	320,090		
CR_021		Debt Service Adjustment	591,648		
CR_022		Long Term Leases	(10,937)		
CR_025		Financial Services Charge	(823,360)		
CR_028		Equipment Repair and Replacement	(110)		
CR_029		Wastewater Vehicles	(64,001)		
CR_034		Fixed Asset Data Management	12,119		
CR_036		Property Services-Lease Administration Fee	6,205		
CR_037		Facilities Management Strategic Initiative Fee	(1,010)		
CR_038		Major Maintenance Repair Fund	1,803		
CR_046		Countywide Strategic Technology Projects	(84,572)		
CR_048		Business Resource Center	232,232		
CR_050		KCIT Reorganization Transfer	(1,450,776)		
CR_051		KCIT Application Services	1,140,252		
CR_052		KCIT Workstation Services	2,170,668		
CR_053		KCIT eGovernment Services	270,912		
CR_057		KCIT Countywide Services	156,312		
CR_058		KCIT Tech Service Rebate	(299,208)		

**2013/2014 Biennial Budget for  
Wastewater Treatment 4610/A46100**

Code/ Item#	Description	Expenditures	FTEs *	TLTs
<b>Technical Adjustments</b>				
TA_001	Corrections to Proforma	6		
TA_002	Director's Office Adjustments	(243,862)		
TA_003	Finance and Administrative Services Adjustments	(13,765)		
TA_004	Central Services Adjustments	910,761		
TA_005	East Operations Adjustments	394,762		
TA_006	Brightwater Operations Adjustments	15,678		
TA_007	West Operations Adjustments	444,578		
TA_008	Inspections Scheduling Adjustments	(79,978)		
TA_009	Resource Recovery Adjustments	544,483		
TA_010	Environmental and Community Services Adjustments	(28,072)		
TA_011	CIP Planning Adjustments	76,526		
TA_012	Brightwater CIP Adjustments	(250)		
TA_013	Chemical Adjustments	592,244		
TA_014	Utilities Adjustments	(811,933)		
TA_015	Loan Out Labor	(3,580,054)		
TA_016	3 Percent Vacancy Savings	(86,568)		
TA_017	Salary and Wage Reserve	1,132,980		
TA_018	Add Ovation Support - East Section	75,000		
TA_019	Add Overtime - East Section	217,710		
TA_021	Add Lab Samples Courier Service - Brightwater	54,291		
TA_022	PSCAA Grants Additions - West Section	125,000		
TA_023	Central Services Reorganization	44,696		
TA_024	Add Fire District #7 Levy - Brightwater	106,230		
TA_025	TLT Reconciliation	1,060,900		9.82
TA_028	Miscellaneous Reductions	(349,238)		
TA_050	Revenue Adjustments - \$37,052,346	0		
TA_099	Long-Term Lease Rebate	(575,851)		
<b>FY13 Subtotal</b>		<b>121,527,499</b>	<b>592.25</b>	<b>12.82</b>

**FY14**

**Adjustments to Adopted Budget**

PF_012	2012 Adopted Budget	116,620,203
PF_014	2013 And 2014 Adjustments to 2012 Adopted Budget	6,103,471

**Direct Service Changes**

DS_100	Water and Land Resources Division FTE Transfers	250,228
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**Administrative Service Changes**

AC_300	3 Percent Efficiencies	(416,127)
AC_301	Underexpenditures	(179,308)

**Central Rate Changes**

CR_099	2014 Central Rate Adjustments	3,277,280
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**Technical Adjustments**

TA_001	Corrections to Proforma	6
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**2013/2014 Biennial Budget for  
Wastewater Treatment 4610/A46100**

Code/ Item#	Description	Expenditures	FTEs *	TLTs
TA_002	Director's Office Adjustments	(369,832)		
TA_003	Finance and Administrative Services Adjustments	(13,459)		
TA_004	Central Services Adjustments	478,623		
TA_005	East Operations Adjustments	468,770		
TA_006	Brightwater Operations Adjustments	28,050		
TA_007	West Operations Adjustments	745,024		
TA_008	Inspections Scheduling Adjustments	(62,542)		
TA_009	Resource Recovery Adjustments	843,561		
TA_010	Environmental and Community Services Adjustments	(26,640)		
TA_011	CIP Planning Adjustments	87,902		
TA_012	Brightwater CIP Adjustments	(500)		
TA_013	Chemical Adjustments	938,744		
TA_014	Utilities Adjustments	(93,306)		
TA_015	Loan Out Labor	(4,231,841)		
TA_016	3% Vacancy Savings	(131,662)		
TA_017	Salary and Wage Reserve	1,179,959		
TA_018	Add Ovation Support - East Section	75,000		
TA_019	Add Overtime - East Section	226,093		
TA_021	Add Lab Samples Courier Service - Brightwater	54,291		
TA_022	PSCAA Grants Additions - West Section	125,000		
TA_023	Central Services Reorganization	10,104		
TA_024	Add Fire District #7 Levy - Brightwater	111,542		
TA_025	TLT Reconciliation	683,428		6.65
TA_028	Miscellaneous Reductions	(349,238)		
TA_050	Revenue Adjustments - \$51,731,839	0		
TA_099	Long-Term Lease Rebate	(575,851)		
<b>FY14 Subtotal</b>		<b>125,856,973</b>	<b>592.25</b>	<b>19.47</b>
<b>2013/2014 Biennial Budget</b>		<b>247,384,472</b>	<b>592.25</b>	<b>19.47</b>

\* FTEs for the 2013 Budget and 2013/2014 Biennial Budget do not include temporary positions or overtime. The 2013/2014 Biennial Budget reflects the maximum number of FTEs during the biennium.

\*\* The 2013/2014 Biennial Budget reflects the total expenditures for the biennium.

## **Wastewater Treatment Division (WTD) Operating Budget**

### ***PROGRAM HIGHLIGHTS***

The 2013 / 2014 Executive Proposed Budget for the Wastewater Treatment Division is \$247,384,472 and 592.25 FTEs and 19.47 TLTs.

### **Adjustments to the Adopted Budget (Pro Forma)**

Adjustments to the 2012 Adopted Budget in 2013 and 2014 Pro Forma include annualization of mid-2012 changes and removal of one-time changes, if any, as well as miscellaneous salary adjustments. Salary adjustments include increases for 3.09 percent COLA for 2013 and 2.00 percent for 2014 and a 1.00 percent increase in the Flex Benefit rate for 2013 from the 2012 rate and a 4.00 percent increase from 2013 for the 2014 rate.

### **Direct Service Changes**

#### **Water and Land Resources Division FTE Transfers**

**2013 - \$241,050 / 3.00 FTEs**

**2014 - \$250,228**

This adjustment reflects the elimination of one (of a total three) vacant positions in Water and Land Resources Division (WLRD). WTD, in turn, will add three FTEs to perform critical maintenance functions on WTD facilities and equipment at the South Treatment Plant, which has a backload of required maintenance due to WTD Operations and Maintenance staff performing work on the Flood Control District's Black River Pump Station and facilities. In 2013 / 2014, the Flood Control program will continue to reimburse WTD staff for this work.

### **Administrative Changes**

#### **3 Percent Efficiencies**

**2013 – (\$416,127)**

**2014 – (\$416,127)**

This decision package includes operational changes that have resulted in efficiencies for the division. Examples include negotiating a lower rate for natural gas, streamlining procurement to cut down on inventory costs, and conducting more audits in-house rather than hiring external consultants.

#### **Underexpenditures**

**2013 – (\$179,308)**

**2014 – (\$179,308)**

This decision package includes efficiencies as a result of reviewing the underexpenditure history for the division. The major efficiencies as a result of this review occurred mainly in the service and supply account line items.

### **Central Rate Changes**

#### **Central Rate Adjustments**

**2013 - \$1,600,323**

**2014 - \$3,277,280**

This series of adjustments captures the net effect of countywide charges from the 2012 Adopted Budget to reflect the most current 2013 and 2014 central rate charges. Unlike previous years, it does not include COLA and flex benefits, which are included in the Pro Forma decision package. Details about each rate can be found in the How We Deliver Introduction, beginning on page H-5, and the agency-specific changes are detailed in the central rate section of the agency crosswalk.

### **Technical Adjustments**

#### **Corrections to Pro Forma**

**2013 - \$6**

**2014 - \$6**

This decision package makes corrections to errors made in Proforma.

#### **Director's Office Adjustments**

**2013 - (\$243,862)**

**2014 - (\$369,832)**

This decision package accounts for various adjustments made in the Director's Office, the largest of which is a reduction in legal services due to current litigation entering a new phase.

#### **Finance and Administrative Services Adjustments**

**2013 - (\$13,765)**

**2014 - (\$13,459)**

This decision package accounts for various adjustments made in finance and admin cost centers and consists mainly of reductions in IT supplies and services.

#### **Central Services Adjustments**

**2013 – \$910,761**

**2014 – \$478,623**

This decision package makes adjustments to various central rates based on the new Operating / Capital split (62 percent / 38 percent) for 2013 and 2014 and reduces DNRP Overhead. It also includes an expenditure contra for the difference between the 3 percent inflation rate WTD included in the sewer rate for central rates versus the actual rates implemented to date, which was zeroed out using reductions in TA\_028, Miscellaneous Reductions.

#### **East Operations Adjustments**

**2013 – \$394,762**

**2014 – \$468,770**

These are various technical adjustments that were forecast in the 2013 / 2014 sewer rate for the East Section. Included in these technical adjustments are reductions in Information Technology (IT) Equipment/Supplies per the IT reorganization, a reduction in biosolid loads for Vashon and Carnation treatment plants, and an increase in maintenance parts.

### **Brightwater Operations Adjustments**

**2013 - \$15,678**

**2014 - \$28,050**

These are various technical adjustments that were forecast in the 2013 / 2014 sewer rate for the Brightwater Treatment Plant. Included in these adjustments are a reduction in rental/leases due to the Influent Pump Station lease agreement with Puget Sound Energy, a transfer of bioxide from the South Plant to the Brightwater Treatment Plant for the Hollywood Pump Station, and a reduction in tons for grit and screenings.

### **West Operations Adjustments**

**2013 - \$444,578**

**2014 - \$745,024**

These are various technical adjustments that were forecast in the 2013 / 2014 sewer rate for the West Section. Included in these technical adjustments are an increase to grit and screenings haul due to rate and volume, an increase to maintenance parts and materials to accommodate inflation, and a reduction of the Edmonds Flow Transfer expense due to contract termination.

### **Inspections Scheduling Adjustments**

**2013 – (\$79,978)**

**2014 – (\$62,542)**

This decision package accounts for various adjustments made in the Inspections Scheduling cost center with the main reduction occurring because other contractual professional services were transferred to Engineering.

### **Resource Recovery Adjustments**

**2013 - \$544,483**

**2014 - \$843,561**

This decision package accounts for various adjustments made in the Resource Recovery cost centers. The major impacts includes a reclassification of biosolids haul to diesel fuel, a reduction in other contractual professional services due to expiring energy grant funds, and an increase in biosolids application due an increase in costs and quantity.

### **Environmental and Community Services Adjustments**

**2013 – (\$28,072)**

**2014 – (\$26,640)**

This decision package accounts for various technical adjustments made in the Environmental and Community Services cost centers, the largest of which is the deletion of laboratory analysis expenses.

### **CIP Planning Adjustments**

**2013 - \$76,526**

**2014 - \$87,902**

This decision package results from the reduction of cost share for software licenses and the addition of expenses for other contractual professional services due to work transfers from Inspections Scheduling to Engineering.

### **Brightwater CIP Adjustments**

**2013 – (\$250)**

**2014 – (\$500)**

This decision package results from a TLT adjustment which reduces training expense in 2013 and 2014.

### **Chemical Adjustments**

**2013 - \$592,244**

**2014 - \$938,744**

These are various wastewater chemical adjustments based on price and quantity changes that were forecast in the 2013 / 2014 sewer rate. Prices for some chemicals such as dewatering polymer increased over 10 percent while the quantity increases are mainly due to Brightwater being fully operational in 2013 and the increase in chemical usage associated with this increase in operations.

### **Utilities Adjustments**

**2013 – (\$811,933)**

**2014 – (\$93,306)**

These are various wastewater utility adjustments based on price and quantity changes that were forecast in the 2013 / 2014 sewer rate. The main impact in this decision package is a major reduction in electricity usage at Brightwater due to better estimating of usage after a partial year of operations in 2012.

### **Loan Out Labor**

**2013 – (\$3,580,054)**

**2014 – (\$4,231,841)**

This decision package adjusts loan out labor to reflect estimated capital labor based on 2013 and 2014 labor forecasts.

### **3 Percent Vacancy Savings**

**2013 – (\$86,568)**

**2014 – (\$131,662)**

This decision package adjusts 3 percent vacancy savings to reflect estimated savings from vacancies based on 2013 and 2014 labor forecasts.

### **Salary and Wage Reserve**

**2013 - \$1,132,980**

**2014 - \$1,179,959**

This decision package adjusts salary and wage reserves to reflect estimated amounts for various salary and wage accounts including shift differential, gain sharing, and longevity pay based on 2013 and 2014 labor forecasts.

### **Add Ovation Support – East Section**

**2013 - \$75,000**

**2014 - \$75,000**

This decision package is for computer support services with Emerson Process Management for the Ovation Computer System at the South and Brightwater Treatment Plants.

### **Add Overtime – East Section**

**2013 - \$217,710**

**2014 - \$226,093**

This decision package adds overtime to the East Section operating budget. This is in response to the need to staff the Brightwater Treatment Plant on a 24/7 schedule.

### **Add Lab Samples Courier Service - Brightwater**

**2013 - \$54,291**

**2014 - \$54,291**

This decision package adds courier services for transporting lab samples between the Brightwater Treatment Plant and the South Treatment Plant.

### **Puget Sound Clean Air Agency (PSCCA) Grants Additions – West Section**

**2013 - \$125,000**

**2014 - \$125,000**

This decision package results from the conclusion of negotiations between WTD and PSCCA following the rate process, and adds \$125,000 to fund small business grants in accordance with the terms of the settlement agreement.

### **Central Services Reorganization**

**2013 – \$44,696**

**2014 - \$10,104**

This decision package allocates central rates between operating and capital cost centers for better tracking purposes. Other changes include an increase of the transfer to WLRD and a reduction of Local Hazardous Waste Service.

### **Add Fire District #7 Levy - Brightwater**

**2013 - \$106,230**

**2014 - \$111,542**

This is a Snohomish County Fire District #7 annual charge which is based on an Assessed Valuation of the Brightwater facilities and land.

### **TLT Reconciliation**

**2013 - \$1,060,900 / 9.82 TLTs**

**2014 - \$683,428 / (6.65) TLTs**

This decision package is a result of a TLT reconciliation in June 2012 and makes adjustments to reflect TLTs approved by the Human Resources Division (HRD) at that time. This proposal reflects only the impact of labor, not the net impact to the operating budget. Some of this decision package is offset by other decision packages including the Loan Out Labor and 3 Percent Vacancy Savings packages.

### **Miscellaneous Reductions**

**2013 – (\$349,238)**

**2014 – (\$349,238)**

WTD made several cost reductions in order to meet the \$.06 reduction to the sewer rate approved by Council in June 2012. This decision package reflects reductions in various supplies and services accounts throughout the division. Also included in this package are a reduction to the WLRD transfer amount and a reduction in diesel due to using a lower cost per gallon rate based on the Office of Economic and Financial Analysis (OEFA) assumptions.

### **Revenue Adjustments**

**2013 - \$37,052,346 Revenue**

**2014 - \$51,731,839 Revenue**

This decision package involves changes to various revenue accounts including increases in capacity charge and sewer rate revenues and a decrease in anticipated investment interest.

### **Long-Term Lease Rebate**

**2013 – (\$575,851)**

**2014 – (\$575,851)**

King County has received a rebate from the owner of the King Street Center and has benefitted from the refinancing of the remaining debt. The 2013 / 2014 Proposed Budget passes this windfall on to the King Street tenants in the form of a \$7.5 million rent rebate and a \$450,000 capital project to reconfigure space associated with the Road Services proposed consolidation to a single floor in King Street Center. Since this Road Services cost cutting space measure is a relatively recent proposal a 20 percent contingency is included in the \$450,000 project amount budgeted in the Long Term Lease fund. In the proposed budget the rebate has been included as a separate decision package entry to offset the central rate budgeting of 2013 and 2014 lease costs.

## Wastewater Treatment Division 2013-2014 Executive Proposed Budget Financial Plan

	2011 Audited	2012 Forecast	2013 Forecast	2014 Forecast	2015 Forecast	2016 Forecast	2017 Forecast	2018 Forecast
CUSTOMER EQUIVALENTS (RCEs)	707.28	707.28	707.28	709.05	712.59	716.15	721.53	726.94
MONTHLY RATE	\$36.10	\$36.10	\$39.79	\$39.79	\$43.7459	\$44.55	\$44.84	\$45.16
% Increase		0.0%	10.2%	0.0%	9.9%	1.8%	0.6%	0.7%
BEGINNING OPERATING FUND	61,368	86,900	74,262	53,253	22,866	13,174	13,701	14,249
OPERATING REVENUE:								
Customer Charges	306,407	306,393	337,711	338,555	374,076	382,888	388,222	393,903
Investment Income	2,725	1,530	1,137	1,164	1,677	5,074	8,347	11,368
Capacity Charge	48,693	46,283	46,339	49,352	54,039	59,639	65,908	72,447
Rate Stabilization *	(25,500)	13,900	21,500	30,820	10,280	-	-	-
Other Income	7,830	9,188	9,492	10,968	11,187	11,411	11,639	11,988
TOTAL OPERATING REVENUES	340,155	377,294	416,180	430,859	451,259	459,011	474,117	489,707
OPERATING EXPENSE	(103,995)	(116,620)	(121,528)	(125,857)	(131,742)	(137,012)	(142,493)	(148,193)
DEBT SERVICE REQUIREMENT PARITY DEBT	(166,164)	(195,406)	(221,574)	(226,034)	(233,199)	(239,591)	(247,621)	(255,805)
SUBORDINATE DEBT SERVICE	(12,412)	(15,605)	(16,653)	(18,390)	(25,673)	(27,043)	(30,973)	(35,102)
DEBT SERVICE COVERAGE RATIO PARITY DEBT **	1.42	1.33	1.33	1.35	1.37	1.34	1.34	1.34
DEBT SERVICE COVERAGE RATIO TOTAL PAYMENTS	1.32	1.20	1.15	1.15	1.15	1.15	1.15	1.15
INTER-FUND LOAN REPAYMENTS	(20,300)	(20,135)	(20,035)	-	0	0	0	0
LIQUIDITY RESERVE CONTRIBUTION	(31)	(1,263)	(491)	(433)	(588)	(527)	(548)	(570)
TRANSFERS TO CAPITAL	(37,253)	(28,265)	(35,900)	(60,145)	(60,056)	(54,838)	(52,482)	(50,038)
RATE STABILIZATION RESERVE *	76,500	62,600	41,100	10,280	-	-	-	-
OPERATING LIQUIDITY RESERVE BALANCE	10,400	11,662	12,153	12,586	13,174	13,701	14,249	14,819
OPERATING FUND ENDING BALANCE	86,900	74,262	53,253	22,866	13,174	13,701	14,249	14,819
<b>CONSTRUCTION FUND</b>								
BEGINNING FUND BALANCE	5,000	91,720	17,414	5,303	5,000	5,000	5,000	5,000
REVENUES:								
Parity Bonds	245,000	80,000	54,000	73,184	112,234	113,543	124,283	128,775
Variable Debt Bonds	78,380	10,000	60,000	15,000	7,462	7,154	8,155	8,184
Grants & Loans	8,233	19,085	39,031	3,284	0	-	-	-
Other	2	500	500	500	6,500	500	500	500
Transfers From Operating Fund	37,253	28,265	35,900	60,145	60,056	54,838	52,482	50,038
TOTAL REVENUES	368,869	137,850	189,431	152,113	186,252	176,035	185,420	187,496
CAPITAL EXPENDITURES	(274,041)	(213,816)	(172,181)	(144,856)	(174,645)	(175,418)	(174,892)	(176,590)
DEBT ISSUANCE COSTS	(1,874)	(529)	(1,380)	(1,539)	(2,282)	(2,307)	(2,526)	(2,616)
BOND RESERVE TRANSACTIONS	11,547	4,025	(27,936)	(4,712)	(7,226)	1,690	(8,001)	(8,290)
DEBT SERVICE, CAPITALIZED INTEREST RESERVE	(28,795)	(7,366)	-	-	-	-	-	-
ADJUSTMENTS	11,015	5,530	(45)	(1,308)	(2,101)	0	0	0
ENDING FUND BALANCE	91,720	17,414	5,303	5,000	5,000	5,000	5,000	5,000
CONSTRUCTION FUND RESERVES								
Bond & Loan Reserves	160,352	156,177	184,159	190,179	199,505	197,815	205,816	214,106
Policy Reserves	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
TOTAL FUND RESERVES	175,352	171,177	199,159	205,179	214,505	212,815	220,816	229,106
CONSTRUCTION FUND BALANCE	267,072	188,592	204,462	210,180	219,505	217,816	225,817	234,107

\* This revenue is accounted for as a regulatory asset to be deferred to future years in accordance with FAS-71.

\*\* This includes a Regulatory Asset for a \$53.9 million estimate of Environmental Remediation Liability in accordance with FAS-71 which will be amortized

## **Wastewater Capital Improvement Program**

The mission of the Wastewater Treatment Division (WTD) is to protect public health and enhance the environment by treating and reclaiming water, recycling solids and generating energy. In accordance with WTD's mission, the objectives of the wastewater capital program are to:

- Ensure continued operation and reliability of existing wastewater conveyance and treatment assets;
- Enhance regional water quality in compliance with federal, state, and local regulations;
- Provide sufficient wastewater conveyance and treatment capacity to meet the long-term needs of people and businesses in the WTD service area; and
- Facilitate the creation of resources from wastewater.

With the near completion of the Brightwater treatment system, WTD capital spending levels are continuing their return to more typical, long-run levels. Even with reduced levels of spending, the construction activity generated by the capital program contained in this request will generate as many as 1,100 full- and part-time jobs with earnings of \$59 million. To ensure it is meeting capital priorities, WTD has been critically reviewing project scopes, schedules, cash flow projections, and risk analyses to ensure that projects addressing the most critical current needs are funded.

WTD has continued to exert effective control on capital expenditures during the period of maximum financial impact from Brightwater. In the process of defining capital priorities for 2013 / 2014, WTD critically reviewed project scopes, schedules, cash flow projections, and risk analyses to ensure funding for the most critical projects. Key criteria for assessing risk include ensuring the continued operation and reliability of existing wastewater conveyance and treatment assets; enhancing regional water quality in compliance with federal, state and local regulations pertaining to wastewater treatment; reducing combined sewer overflow events; and continuing to create resources from wastewater.

A major regulatory program for WTD reflects that King County is required by state law to control its remaining uncontrolled Combined Sewer Overflows to no more than one overflow event per year by 2030. The budget proposal for 2013 / 2014 includes the continued funding of the four CSO projects at Murray, South Magnolia, North Beach and Barton-- collectively known as the "Beach Projects." These are the current projects in WTD's long-term control plan for reducing CSO events to an average of one per year per site. In 2012, each of the four projects underwent an extensive value engineering process before the project budgets were baselined. In accordance with the milestones set forth in an agreement with the Washington State Department of Ecology, each of these projects will enter construction in 2013. The budget also includes support for the pre-design of the Hanford at Rainier CSO project. These projects predate the long-term control plan the Executive sent the King County Council in June 2012, to carry out nine new projects to control the remaining 14 uncontrolled CSOs that still exist in the oldest parts of Seattle. A key element of the Executive's proposal, a new science-based water quality assessment and environmental benefit study, is included in this budget request.

### **Significant Capital Projects**

The following are significant and noteworthy projects in WTD's 2013 / 2014 capital proposal.

#### **Freemont Siphon: 2013 / 2014 Proposed Budget \$43,820,885**

This proposed budget will fund the design and construction of the necessary modifications to upgrade or replace the existing 100 year old siphon located under the Lake Washington Ship Canal. This appropriation will bring the total appropriation to \$46 million. The project is in the final design stage.

**Ballard Siphon: 2013 / 2014 Proposed Budget \$37,072,720**

This appropriation brings the total budget to \$54 million to install 85.5-inch diameter pipe under the Lake Washington Ship Canal and end the reliance on the existing wood stave siphon barrels that have reached the end of their useful life. Construction on this project is underway.

**Sunset/Heathfield PS and Forcemain Replacement: 2013 / 2014 Proposed Budget \$79,725,317**

This project will increase the pumping capacity of the stations to as much as 31 million gallons per day (mgd) and either parallel or replace the existing force mains. The project is in predesign and the project team is investigating potential tunnel alternatives in addition to upgrading Sunset and Heathfield pump stations.

**Lower Duwamish Waterway Superfund: 2013 / 2014 Proposed Budget \$4,040,674**

The Lower Duwamish Waterway cleanup project is a multi-jurisdictional effort will address long-term pollution in the lower Duwamish River. The U.S. Environmental Protection Agency (EPA) will be releasing its Proposed Plan for the cleanup of the Lower Duwamish Superfund site in early 2013. After a public comment period, EPA will revise the plan and publish it in a Record of Decision in late 2013 or 2014. EPA will then look for potentially responsible parties to negotiate Consent Decree(s) to implement the cleanup.

WTD is coordinating the County's implementation planning, which includes commenting on the proposed plan and negotiating an acceptable Record of Decision, identifying other potentially responsible parties, and developing an allocation process to distribute costs. In addition, the Department of Ecology will have King County, among others with regulatory authority, develop source control implementation plans for an ongoing program to reduce sources to the Lower Duwamish needed to meet cleanup goals. Finally, the allocation process will start with other potentially responsible parties to determine the share of costs for final cleanup. Following publication of the record of Decision, negotiations on a consent decree will begin and an organizational structure to conduct the cleanup will be developed.

## WTD Debt Service

The 2013 Executive Proposed Budget for Wastewater Treatment Division (WTD) Debt Service includes \$221,573,649 of debt service for parity debt and \$16,652,536 of debt service for subordinated debt, yielding a combined total debt service of \$238,226,185. The parity debt service comprises approximately \$44.4 million for general obligation bonds, a general obligation bond credit enhancement fee of \$1.2 million and \$175.9 million for revenue bonds. The subordinated debt service comprises approximately \$5.9 million for general obligation and revenue variable debt and \$10.8 million for State Revolving Fund and Public Works Trust Fund debt service.

The 2014 Executive Proposed Budget for WTD Debt Service includes \$226,034,044 of debt service for parity debt and \$18,390,269 of debt service for subordinated debt yielding a combined total debt service of \$244,424,313. The parity debt service comprises approximately \$44.3 million for general obligation bonds, a general obligation bond credit enhancement fee of \$1.2 million and \$180.6 million for revenue bonds. The subordinated debt service comprises approximately \$6.1 million for general obligation and revenue variable debt and \$12.3 million for State Revolving Fund and Public Works Trust Fund debt service.

WTD sold \$80 million in new sewer revenue bonds in March of 2012 at an interest rate of 4.4 percent in conjunction with a refunding bond issue. In June of 2012 and August of 2012 additional refunding bond issues occurred. The net debt service savings from the three bond refunding issues was \$2.9 million in 2012, and \$.7 million in both 2013 and 2014. In 2013 it is anticipated additional long-term fixed rate debt of \$54 million will be issued at an assumed interest rate of 5.5 percent. In 2014 it is anticipated additional long-term fixed rate debt of \$73.2 million will be issued at an assumed interest rate of 5.75 percent.

WTD has been awarded Public Works Trust and State Revolving Fund loans for 2012, 2013, and 2014. Public Works Trust loan amounts are \$3.0 million in 2012, \$4.5 million in 2013, and \$2.5 million in 2014, all with an interest rate of 1.0 percent. State Revolving Fund loan amounts are \$15.4 million in 2012, \$34.5 million in 2013, and \$.8 million in 2014 with interest rates ranging from 2.7 percent to 2.8 percent.

WTD currently anticipates issuing \$10 million in variable-rate sewer revenue bonds in November of 2012. In 2013 and 2014 it is anticipated that an additional \$60 million and \$15 million will be issued. All variable debt for 2012, 2013, and 2014 are assumed to have an interest rate of 1.25 percent.

All financial impacts of the bond sales and assumed future debt additions have been incorporated into the financial plan. Debt service expenses reflected in the financial plan are supported by the 2013 Adopted monthly sewer rate and 2014 Projected monthly sewer rate of \$39.79, meeting all financial policies and bond requirements.

## ***PROGRAM HIGHLIGHTS***

The 2013 / 2014 Executive Proposed Budget for WTD Debt Service is \$482,650,498.

### **Adjustments to the Adopted Budget (Pro Forma)**

Adjustments to the 2012 Adopted Budget in 2013 and 2014 Pro Forma include annualization of mid-2012 changes and removal of one-time changes, if any, as well as miscellaneous salary adjustments. Salary adjustments include increases for 3.09 percent COLA for 2013 and 2.00 percent for 2014 and a 1.00 percent increase in the Flex Benefit rate for 2013 from the 2012 rate and a 4.00 percent increase from 2013 for the 2014 rate.

**Technical Adjustments**

**Wastewater Debt Service Technical Adjustments**

**2013 - \$26,606,282**

**2014 - \$32,804,410**

This request adjusts the debt service requirement for parity debt and subordinate debt service based on assumptions that supported the 2013 / 2014 sewer rate proposal.

### Environmental Sustainability Strategic Plan Area

	2011 ADOPTED		2012 ADOPTED		2013-14 PROPOSED		2013
	EXPENDITURES	FTEs	EXPENDITURES	FTEs	EXPENDITURES	FTEs	FTEs
<b>NATURAL RESOURCES</b>							
NATURAL RESOURCES AND PARKS ADMINISTRATION	\$ 6,329,393	35.10	\$ 5,820,640	23.10	\$ 12,662,285		27.35
SOLID WASTE	90,870,414	388.57	96,996,436	377.81	210,899,977		377.25
SOLID WASTE POST-CLOSURE LANDFILL MAINTENANCE	2,589,377	1.00	2,826,439	1.00	4,065,434		1.00
WATER & LAND RES SHARED SVCS	28,434,998	182.49	28,954,465	161.15	56,356,529		160.52
SWM LOCAL DRAINAGE SVCS	25,642,779	104.80	22,054,170	97.54	49,860,801		99.00
NOXIOUS WEED CONTROL PROGRAM	1,929,735	12.84	1,861,772	12.84	4,119,469		12.83
WASTEWATER TREATMENT	111,115,816	594.70	116,620,203	585.70	247,384,472		592.25
<b>TOTAL ENVIRONMENTAL SUSTAINABILITY</b>	<b>\$ 267,368,851</b>	<b>1,319.50</b>	<b>\$ 275,595,625</b>	<b>1,259.14</b>	<b>\$ 585,348,967</b>		<b>1,270.20</b>

Wastewater Treatment Debt Service can be found in the Debt Service section of the budget book.

Parks and Flood Control can be found in the EGBE section of the budget book.